



Housing prices, housing price index, Quarter 1 2019

- **Housing market turnover has increased**
- **Annual growth in housing prices is higher than previously estimated**
- **Housing prices continued to increase in the first quarter of 2019**
- **The total value of housing sales increased by almost a quarter**
- **Many foreigners bought dwellings in the countryside and in the inner districts of Pest**
- **The market for new homes is concentrated in cities and towns**
- **Territorial price differences have increased in the second-hand housing market**
- **Housing prices continued to rise in most European countries**

Housing market turnover has increased

In 2018, 164 thousand sales were made on the housing market, 6.5% more than in 2017. **4.7% more second-hand homes changed hands** during the year, while **the number of new homes sold increased almost one and a half times** to over 9,000.

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	163.7	154.6	9.1	9.5
Q1 2019 (preliminary)	23.7	22.9	0.8	2.1

Market growth continued in Q1 2019. The number of sales so far known was 7.4% higher than a year earlier, at a similar level of processing. The number of new homes was one third higher than in the

¹ Receipt of transaction data for 2018 has been completed and data for the year are final

same period last year. In 2018, 5.6% of homes sold were newly built. In the first quarter of 2019, this ratio was 3.3%, compared to 2.7% a year earlier.

Annual growth in housing prices is higher than previously estimated

We have made a methodological adjustment for monitoring changes in housing prices. As a result of the adjustment, the pure price change in 2017-2018 is higher than previously announced. The adjustment did not change the value of previously published total price indices and average prices (see methodological notes).

Table 2

Changes and factors in annual price indices

(%)

Year	New homes			Second-hand homes		
	composition effect	pure change in prices	total change in prices	composition effect	pure change in prices	total change in prices
Previous year=100.0						
2008	100.7	102.2	102.9	88.6	101.8	90.1
2009	101.6	98.2	99.7	94.3	94.5	89.1
2010	102.9	93.6	96.3	109.8	97.9	107.5
2011	99.7	96.7	96.4	98.7	96.4	95.2
2012	100.7	100.0	100.7	100.4	96.2	96.6
2013	98.9	101.0	99.8	101.2	97.1	98.3
2014	100.3	104.4	104.7	102.6	104.2	106.9
2015	99.7	108.0	107.7	100.9	111.4	112.4
2016	97.4	110.5	107.6	92.9	113.3	105.3
2017	98.0	118.6	116.3	97.2	111.9	108.7
2018	106.5	113.4	120.8	97.6	114.2	111.5
2015=100.0						
2007	94.4	97.4	92.0	102.1	101.6	103.7
2008	95.1	99.5	94.6	90.4	103.4	93.5
2009	96.5	97.7	94.3	85.2	97.8	83.3
2010	99.4	91.5	90.9	93.6	95.7	89.6
2011	99.1	88.4	87.6	92.4	92.3	85.3
2012	99.7	88.4	88.2	92.8	88.8	82.4
2013	98.6	89.3	88.0	93.9	86.2	81.0
2014	98.9	93.2	92.2	96.3	89.8	86.6
2015	100.0	100.0	100.0	100.0	100.0	100.0
2016	97.4	110.5	107.6	92.9	113.3	105.3
2017	95.5	131.1	125.1	90.3	126.9	114.5
2018	101.7	148.7	151.1	88.1	144.9	127.7

Compared to 2015, the price of second-hand homes increased by an average of 28% in 2018 (total price change). However, as the composition of sold homes shifted more towards lower-priced homes than previously estimated, there was a significant **45% increase in the price of second-hand homes** (pure price change adjusted for composition effects). At the same time, the **pure price increase compared to the previous year was also higher by 14%** than the values of previous years (11%–13%).

After an extremely high 19% increase in 2017, the **annual average price of new homes increased by a further 13% in 2018**, and became **almost 1.5 times higher than in 2015**.

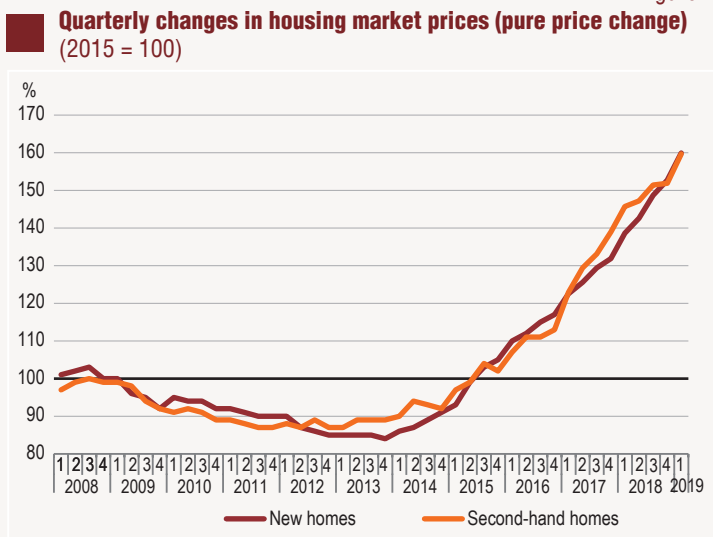
Housing prices continued to increase in the first quarter of 2019

In the first quarter of 2019, house prices continued to rise:

- second-hand housing prices were 5.0% higher than in the previous quarter and 16% higher than in the first quarter of 2018,
- New home prices increased by 5.1% quarter-on-quarter and 9.6% year-on-year.

The **price increase compared to 2015**, taking into account the revised composition effect, **was close to 60% in both submarkets** in the first quarter of 2019.

Figure 1

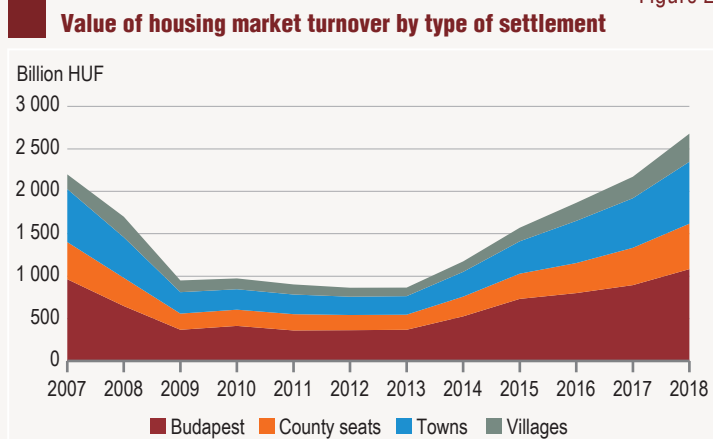


The total value of housing sales increased by almost a quarter

In 2018, the aggregate value of total housing market turnover was HUF 2,679 billion, 23% more than in 2017. Within this, **the market share of new homes increased** from around 4% in 2015 to **9.4% in 2018**.

The total value of housing transactions in Budapest was HUF 1,083 billion in 2018, 21% more than a year earlier. Despite the growth, the capital's share of the country's total housing market turnover has been steadily declining since 2015, and by 2018 it had fallen from 47% three years earlier to 40%.

Figure 2



Many foreigners bought dwellings in the countryside and in the inner districts of Pest

In 2018, 7,300 foreign individuals bought dwellings in Hungary, the same number as a year earlier. Most foreigners made purchases in the countryside, mainly in Western and Southern Transdanubia (15% and 12% respectively). The purchases of non-Hungarian citizens in Budapest were primarily directed to the inner districts of Pest, with almost one in four foreign buyers finding a dwelling there. While foreign home buyers spent an average of 13.5 million HUF in the countryside, in Budapest this amount was more than 40 million HUF.

Similarly to a year earlier, in 2018, **most foreign buyers came from Germany, China and Romania**. Their spending was basically determined by the region in which they acquired the property:

- Vietnamese, Chinese, and French citizens, who mostly buy real estate in the capital, spent the most, with an average of HUF 43-45 million.
- Western Europeans, who are mainly interested in rural settlements, generally spent less than HUF 20 million on buying a home. They were typically older people.
- Expenditures from buyers from neighbouring countries were of similar magnitude. They also bought dwellings mainly outside the capital, but their lower age suggests that they primarily come to Hungary for working purposes.
- Slovakian buyers acquired real estate mainly in the border settlements, including newly built flats. (One in ten Slovak buyers bought new homes)

Table 3

Key features of foreign home buyers, 2018

Country	Number of homes purchased, units	Average age of buyers, year	Proportion of people buying home in Budapest, %	Average home price, HUF million	Proportion of new homes, %
Germany	1 106	55	13.7	18.0	3.6
China	1 102	41	91.2	43.0	8.7
Romania	1 046	42	15.7	11.5	1.8
Slovakia	717	41	18.1	18.6	9.8
Austria	361	51	11.9	14.7	3.9
Netherlands	292	54	6.5	11.1	2.1
Vietnam	253	44	94.9	44.6	2.0
Israel	227	49	90.3	30.3	5.7
United Kingdom	208	49	51.0	28.8	1.4
Italy	166	48	60.2	31.2	6.6
Belgium	162	51	19.8	16.7	0.6
France	162	44	79.0	43.4	3.1
Russia	156	47	49.4	34.0	8.3
Ukraine	141	44	29.1	19.3	5.7
Switzerland	120	57	12.5	18.2	1.7
Other EU Member States	339	48	51.9	28.5	12.1
Other non-EU countries	728	46	54.7	29.9	8.0
Total	7 286	47	41.6	25.2	5.6

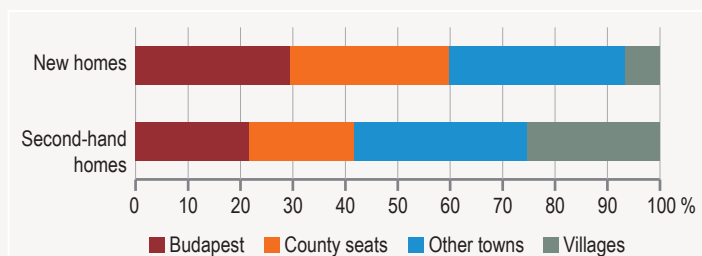
The share of foreign buyers' expenditures within the total turnover of the Hungarian housing market is insignificant (2.3%). However, it reaches 12% in Budapest and 26% in the inner districts of Pest, which largely explains the disconnection of prices here from the average Hungarian housing market price level.

The market for new homes is concentrated in cities and towns

Most new homes (93%) were sold in cities and towns in 2018. Own-account housing construction continues to dominate in the villages, with the exception of Pest County and Western Transdanubia, accounting for four fifths of sales of new dwellings built in villages.

Figure 3

Distribution of dwellings sold by settlement status, 2018



The average price of new homes sold in 2018 was HUF 27.6 million, 22% higher than a year earlier. The average price level of HUF 34.1 million in Budapest exceeded the county seats by more than 10 million. Prices continued to rise in Q1 2019.

The market for new homes is highly concentrated geographically: the number of settlements with at least ten new home sales is below 100 in the country. **60% of all new homes have been marketed in settlements with at least one hundred new home sales (in 6 Budapest districts and 15 rural towns).** Compared to the existing housing stock, the number of new dwellings was outstandingly high in several settlements in the agglomerations of Budapest and Győr (e.g. Halásztelek, Győmrő, and Vámoszabadi, Rajka), as well as in some towns along the shores of Lake Balaton.

Table 4

Ranking of settlements and Budapest districts by number of new homes sold in 2018

Settlement, district	New homes sold, units	Sales of new homes per ten thousand homes	Average price, thousand HUF/m ²
Budapest XIII. district	601	81	623
Budapest XI. district	453	57	642
Győr	430	71	406
Budapest XIV. district	380	52	564
Debrecen	368	38	412
Nyíregyháza	327	63	307
Budapest IX. district	312	77	624
Szombathely	289	83	348
Kecskemét	283	56	396
Miskolc	269	35	317
Budapest VIII. district	248	55	711
Sopron	242	86	415
Siófok	195	139	491
Budapest IV. district	190	40	514
Pécs	163	22	357
Szeged	158	19	367
Szigetszentmiklós	140	93	340
Győmrő	111	171	358
Székesfehérvár	110	24	344
Balatonlelle	109	377	571
Dunakeszi	107	61	467

There was a significant, even more than double, difference between the prices of new homes by individual settlement. In Nyíregyháza the price of new homes per square meter was just over 300 thousand HUF, while it exceeded 700 thousand HUF in the 8th district of Budapest.

The average price of new homes in the first quarter of 2019 exceeded HUF 700,000 per square meter as a whole in Budapest. The average sq.m price of county seats and other towns has also increased since the previous period to around 400,000 HUF.

Territorial price differences have increased in the second-hand housing market

Since 2015, **Budapest's share of the second-hand housing market has been steadily declining. In 2018, 22% of all known sales were made in the capital,** down from 30% three years earlier. At the same time, the home market of villages has been continuously expanding, and in **2018 every fourth transaction has taken place in the villages.** According to preliminary data, a similar trend was observed in the first quarter of 2019.

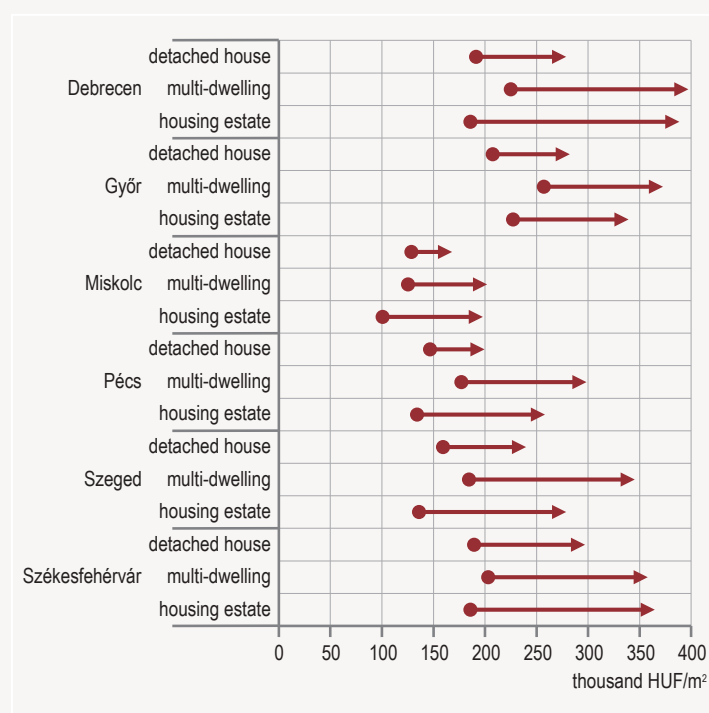
In 2018, second-hand homes in Budapest cost an average of HUF 29.5 million, HUF 5.1 million more than in 2017. Meanwhile, the average housing price increased by HUF 2.4 million to HUF 15.4 million in county seats. The average price per square meter of second-hand dwellings was as follows:

- HUF 508 thousand in Budapest in 2018, 21% more than a year earlier. In Q1 2019, the increase was 15% compared to the same period last year.
- In county seats, on average, HUF 244,000 was charged per square meter of dwellings in 2018, 18% more than in the previous year. In Q1 2019, prices increased by 16%.
- Housing prices in other cities increased by 4.7% in the first quarter.
- The average price level of villages was slightly lower than in the previous year.

In 2018, half of the homes sold were in single-family homes and 35% in multi-dwelling, non-housing estate buildings. The share of housing estate homes in the second-hand housing market (15% in 2018) has steadily declined in recent years. In the first quarter of 2019, the proportion of housing estate homes did not change significantly, whereas that of single-family homes continued to decline.

Figure 4

Second-hand housing price developments in some major rural towns (2015 – Q1 2019)



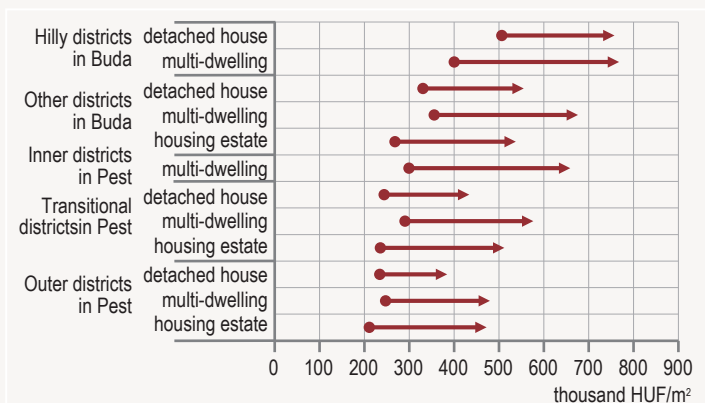
Between 2015 and the first quarter of 2019, the average price per square meter grew by 14% for single-family homes, by 72% for housing estate dwellings and by 81% for non-housing estate condominium dwellings. Local and regional differences in the composition of the housing stock contributed to the different price developments, but this process can be observed within the municipalities as well.

The rise in the price of detached houses in the larger cities lagged behind the different categories of condominiums. Since 2015, the prices of housing estate homes in Debrecen and Szeged have more than doubled, but the prices of housing estate homes in Miskolc, Székesfehérvár and Pécs have also almost doubled. The only exception in this respect is Győr, where the growth rate of prices starting from a higher level was more moderate (36% for single-family detached houses and 49% for housing estate homes). **As a result, in the first quarter of 2019, the specific price of single-family detached houses is lower than that of housing estate homes in most rural towns.**

Within the transitional and outer districts in the Pest-side of Budapest, housing estate home prices have increased 2.2 times per square meter since 2015. Only condominiums in the inner districts of Pest saw a similar price rise. Prices also doubled in the housing estates of Buda. The price increase of non-housing estate condominiums in the other studied district groups was only slightly behind this. During this time, the price increase was 50% for detached family houses in the Buda Hills and 60-80% for the rest of the capital. **By 2019, the price per square meter in Budapest was the lowest (384 thousand HUF / m²) at family houses in the outer districts of Pest.** In addition, single-family houses in transitional districts were considered the most affordable (433 thousand HUF/m²).

Figure 5

Changes in second hand home prices in Budapest * (2015–Q1 2019)



* Hilly districts in Buda: I., II., XII.; Other districts in Buda: III., XI., XXII.; Inner districts in Pest: V.–IX.; Transitional districts in Pest: X., XIII., XIV., XIX., XX.; Outer districts in Pest: IV., XV.–XVIII., XXI., XXIII. districts.

Housing prices continued to rise in most European countries

The Eurostat housing price index gives an aggregate view of the price development of used (second-hand) and new homes. **In the first quarter of 2019, the aggregate housing price index of EU Member States was 116.7% compared to 2015**, while the euro area house price index (115.9%) was slightly lower. Deflated price indices for the euro area were also lower than deflated price indices for the EU as a whole. According to Eurostat, the EU-wide real house price index has been higher than the euro area real house price index since 2015.

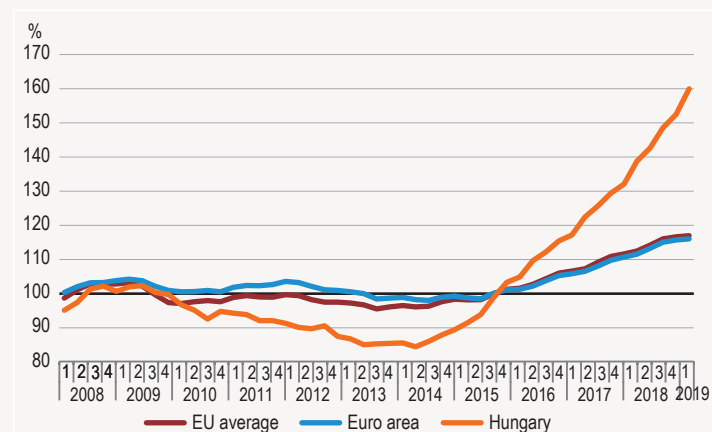
In the first quarter of 2019, the consolidated, Eurostat methodology based, housing price index for Hungary, calculated on the basis of 2015, was 159.9% after the aforementioned methodological adjustment. Among European countries reporting data, prices increased most in Hungary. Iceland came in second, but in several European countries the growth rate was over 30%.

Compared to the previous quarter, house prices in most European countries rose in the first quarter of 2019. Prices increased by 5.0% in Hungary, by 3.6% in the neighbouring Croatia and by 1.7%–1.9% in the other three Visegrád countries. In Slovenia, Austria and Romania, house prices rose below 1%.

Only Malta showed a greater fall (4.2%) in prices.

Figure 6

Combined housing price index in the European Union and Hungary (2015=100)



Methodological notes

In parallel with the closure of the 2018 data, a model adjustment was made to estimate the quality composition of the 2015 base period. As a result of the adjustment, the 2017–2018 Quality Composition Index has been revised downwards (thus showing a larger shift towards lower quality housing), thus resulting in higher pure price index values than previously reported. The revision concerns the quality and refined price indices for 2017–2018, without affecting the value of other data for that period.

The cumulative values of the published housing market indices are also included in the housing price indices of Eurostat. 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 neighbourhood zone and the residential building. New dwellings were separated by NAV based on

² http://ec.europa.eu/eurostat/statistics-explained/index.php/Housing_price_statistics_-_house_price_index.

³ <https://ec.europa.eu/eurostat/web/housing-price-statistics/methodology>.

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 al-

ways 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 5

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

Denomination	2017				2018				2019 1
	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	122.4
Belgium	105.0	104.7	108.2	107.6	107.7	108.7	110.9	110.3	111.5
Bulgaria	112.7	115.4	117.6	119.5	120.7	124.0	125.0	126.2	129.5
Croatia	100.9	104.6	105.1	108.5	109.4	109.3	112.3	113.5	117.6
Cyprus	99.6	102.7	102.5	105.2	103.3	104.0	103.3	107.0	107.8
Czech Republic	116.2	119.1	121.2	122.3	125.0	128.7	131.9	134.4	136.7
Denmark	106.6	110.5	112.0	109.9	114.0	115.6	116.1	113.5	116.1
Estonia	108.1	108.4	112.1	113.5	115.2	116.4	116.7	120.0	122.0
Finland	101.8	102.7	102.1	101.6	101.7	103.5	103.0	103.3	102.4
France	102.4	103.4	105.7	105.1	105.4	106.3	108.7	108.5	108.5
Germany	111.0	113.1	115.0	117.3	118.3	120.6	123.1	124.6	124.2
Hungary	122.2	125.4	129.2	131.9	138.6	142.5	148.5	152.3	159.9
Iceland	122.1	130.1	135.7	136.9	138.8	140.5	143.5	145.2	146.2
Ireland	113.4	115.9	122.2	125.3	127.3	130.4	133.3	134.3	133.0
Italy	99.1	99.6	99.2	98.8	98.6	99.2	98.4	98.3	97.8
Latvia	113.1	119.5	119.7	119.7	126.0	129.9	128.3	132.9	135.0
Lithuania	111.1	114.5	116.7	116.9	119.8	123.0	124.4	125.6	127.9
Luxembourg	109.8	112.2	112.3	113.5	116.8	117.9	120.8	123.9	125.0
Malta	105.6	108.9	113.0	116.6	111.3	115.4	119.3	123.7	118.5
Norway	114.9	115.5	112.4	112.2	113.6	116.1	116.3	116.2	118.5
Poland	103.3	105.4	106.5	107.9	109.5	112.0	113.4	116.1	118.3
Portugal	111.9	115.5	119.6	121.1	125.6	128.5	129.7	132.3	137.1
Romania	109.0	114.3	112.4	113.8	116.1	119.7	118.9	119.8	119.9
Slovakia	107.1	113.1	115.6	116.2	119.6	121.0	120.7	124.1	126.4
Slovenia	106.9	111.4	111.9	116.1	117.9	122.4	122.9	126.7	127.8
Spain	108.2	110.4	112.4	113.4	115.0	117.9	120.5	121.0	122.9
Sweden	114.0	116.2	117.8	114.4	113.5	114.1	115.3	115.1	115.2
The Netherlands	109.7	111.4	114.0	116.7	119.9	121.7	125.6	127.3	129.7
United Kingdom	108.8	111.2	113.7	113.6	113.3	114.7	117.1	116.6	115.1
EU-average	107.1	108.9	110.7	111.4	112.2	114.0	115.8	116.4	116.7
Euro area	106.3	107.9	109.5	110.4	111.4	113.0	114.8	115.5	115.9

Further information,
data (links):
[Tables](#)

Contact details:

kommunikacio@ksh.hu

[Contact us!](#)

Telephone: +36 1 345 6789

www.ksh.hu