



Housing prices, housing price index, Quarter 2 2019

- Declining housing market turnover in big cities
- Annual home prices continued to grow
- Second-hand housing prices stopped to rise in the second quarter
- Ongoing rise in the price of new homes
- Rearrangement in the second-hand housing market
- Home prices increase all over the EU

Declining housing market turnover in big cities

In the first two quarters of 2019, total sales were 5.0% lower than a year earlier. A 5.9% drop in second-hand housing sales was the reason behind this decline. Sales of new homes continued to expand and were about a quarter higher than a year ago at similar levels of processing. Second-hand home sales fell by only 0.5% in the first quarter, but by the second quarter there was a clear decline, with sales down by 11% on the previous year.

The number of second-hand homes sold fell only in the larger cities, while in smaller settlements the market continued to expand. The number of sales was 47% lower in Budapest and 9% lower in the county seats than in same period last year.

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
Q1-2 2019	56.1	53.9	2.2	3.4

* All figures for 2019 are preliminary.

Annual home prices continued to grow

Based on the data processed so far for the first two quarters of 2019, the annual pure price index for second-hand homes is 163% of the 2015 base.

Table 2

Trends and factors of annual price change

(%)

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
Q1-2 2019	92.6	108.3	100.3	87.6	112.6	98.7
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
Q1-2 2019	94.2	161.0	151.6	77.2	163.1	126.0

The nearly 13% year-on-year growth was due to the extremely high price level typical for first quarter sales. The annual home price index, calculated on the basis of pure price changes, was 160% of the 2015 basis.

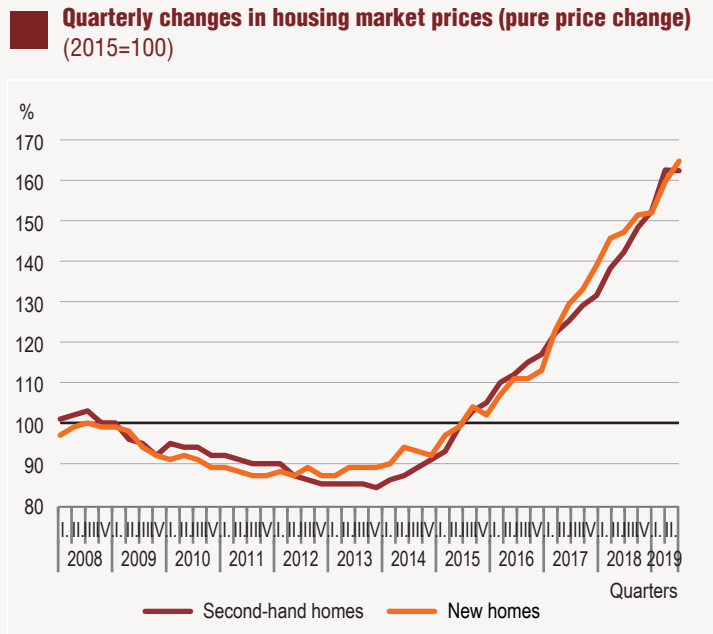
Second-hand housing prices stopped to rise in the second quarter

The first quarter of 2019 saw a steep 6.7% quarter-on-quarter price increase in the prices of second-hand homes, which was followed by no further increase in the second quarter (-0.1%).

New home prices grew by 5.1% in the first quarter and by 3.1% in the second.

In the second quarter of 2019, prices were 14% higher for second-hand homes and 12% higher for new homes than a year ago.

Figure 1



Ongoing rise in the price of new homes

In the first two quarters of 2019, prices for new homes increased in all regions of the country¹.

- In the first two quarters of 2019, the average price for new homes grew year-on-year by HUF 200 thousand to HUF 27.8 million nationally and by HUF 400 thousand to HUF 34.5 million in Budapest. According to sales data received so far, demand for homes of less than 40 m² increased, reducing the rise in average home prices.

- Prices per square meter increased on average by 9.5% and in major cities by 10%. In the first half year, the average price per square metre of new homes sold grew from the earlier HUF 603 thousand to HUF 665 thousand in Budapest and was around HUF 400 thousand in county seats and smaller settlements.

Rearrangement in the second-hand housing market

In the first two quarters of 2019, the housing market turnover recorded so far shows a further shift towards smaller settlements. Budapest's share did not even reach one-fifth, which is a significant shift from the value above 30% in 2014-2015. Meanwhile, the market weight of county seats remained constant and that of smaller settlements continued to increase. Non-county seat cities and villages accounted for 60% of total second-hand housing sales in the first two quarters of 2019.

In the first two quarters of 2019, the price of second-hand homes averaged HUF 16.7 million, HUF 700 thousand more than in 2018. Prices are rising in all regions of the country.

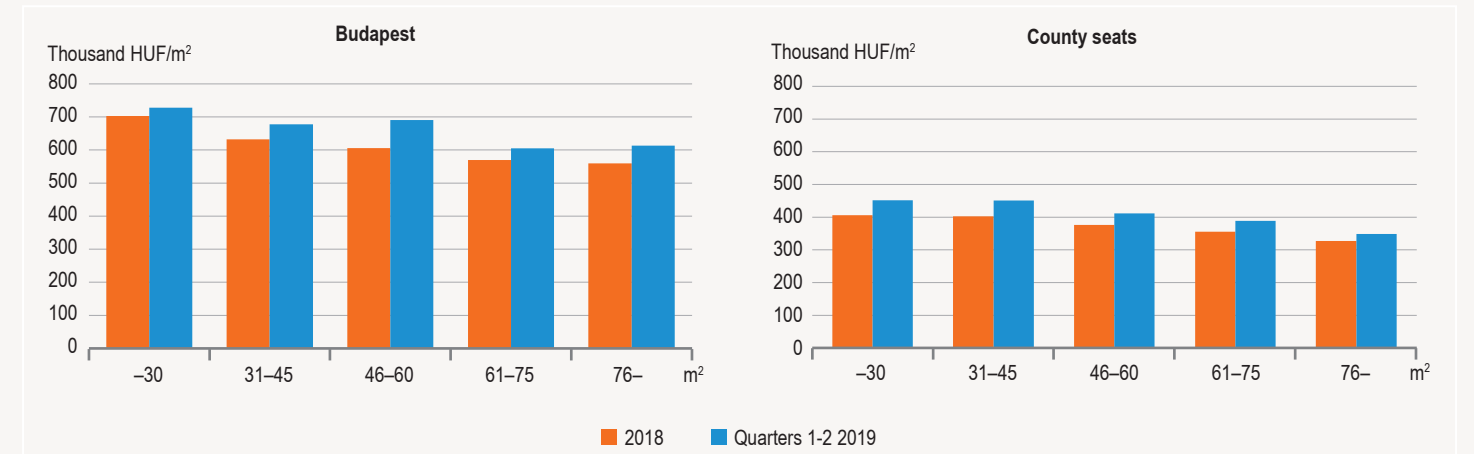
- The gap between the capital and the countryside continued to widen. This process has been visible since 2015: in 2016, the average house price in Budapest was more than twice as high as in the countryside. By the first half of 2019, this value had already increased to two and a half times (to HUF 32.7 and 12.9 million, respectively).
- In the first two quarters of 2019, average home prices increased year-on-year by HUF 3.2 million in Budapest, by HUF 2.4 million in county seats and by HUF 0.6 million in smaller towns.
- In spite of the general rise in prices, the price level in the villages decreased slightly: from HUF 8.1 million in 2018 to HUF 7.9 million. Significant decline occurred in the villages of Pest and Southern Great Plain, while the price level in the small settlements of other regions stagnated or slightly increased. Higher appreciation of more than 10% can be found only in the villages of Central Transdanubia.

The price level of multi-apartment buildings still shows a more rapid increase.

- Pre-fabricated homes, representing 16% of total sales, increased by 15% per square meter, bringing them to an average of HUF 325,000 in the first two quarters of 2019. At the same time, the price of pre-fabricated homes per square meter in Budapest exceeded 500 thousand HUF. The price rise of non-prefabricated homes was also not far behind, rising by 12%.
- Detached house prices have risen in all regions, but their pace has been lagging behind homes in multi-dwelling buildings, and this is also true for larger cities. In Budapest, compared to the 20% rise in the price of prefabricated homes, the price per square meter of single-family detached homes increased by 11%.

Figure 2

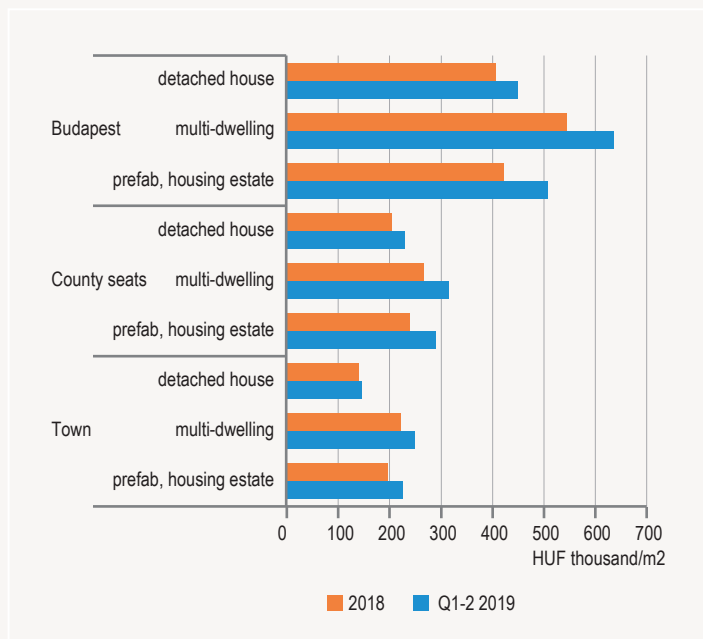
Changes in the price per square meter of new dwellings in larger cities by size of dwelling



¹ Final sales contracts to monitor house prices are often based on pre-contracts that have been signed several months or even years before, therefore the price level of the new home market presented here is below the asking prices specific to the period.

Figure 3

Changes in square metre prices of second hand dwellings in towns and cities

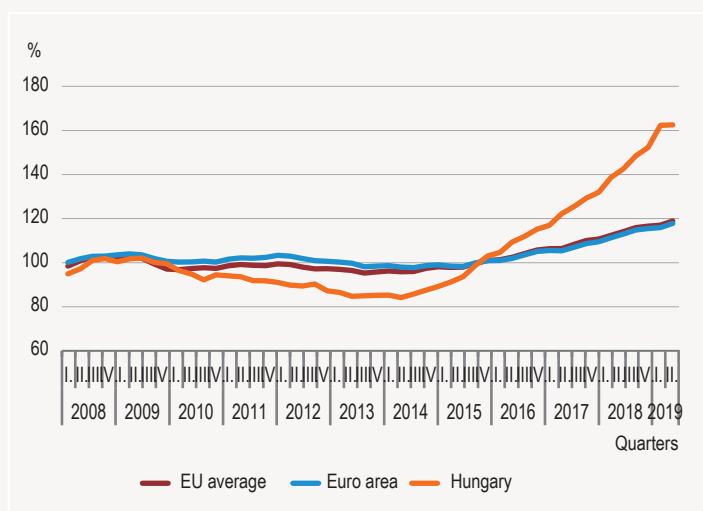


Home prices increase all over the EU

The housing price index produced by Eurostat provides a summary of changes in the prices of second-hand and new homes. In the first quarter of 2019, the EU-wide aggregate house price index stood at 118.9% (2015 = 100%), while the index for the euro area was 117.8%.

Figure 4

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



In the second quarter of 2019, the housing index calculated according to the Eurostat methodology stood at 162.6% in Hungary (2015 = 100%). The outstanding first quarter growth of the Hungarian aggregate housing price index was not followed by significant growth in the second quarter, but the rise in the price level since 2015 is still the highest among the examined countries.

All countries except Italy have a higher level of nominal home prices than in 2015. This is also true for real house prices: according to annual

Eurostat data published in 2018, only Italy and Greece experienced real home price declines (to 96.4% and 98.0% respectively, Greek data are estimates).²

In the second quarter of 2019, house prices increased in all reporting countries compared to the first quarter. Of the neighbouring countries, the price increase was above 3% in Austria and Slovakia and 2.6% in Croatia. Romania and Slovenia saw more moderate price increases (1.6% and 1.3%, respectively) in the second quarter.

Methodological notes

The cumulative values of the published housing market indices are also included in the housing price indices of Eurostat.³ 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 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 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.

² <https://ec.europa.eu/eurostat/databrowser/view/tipsho10/default/table?lang=en>

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

Table 3

Quarterly nominal housing price index for individual European countries (2015=100.0)

(%)

Country group of countries	2017				2018				2019	
	I.	II.	III.	IV.	I.	II.	III.	IV.	I.	II.
	Quarter									
Austria	111.5	114.2	114.8	116.5	117.5	118.5	120.4	122.2	122.4	126.4
Belgium	105.0	104.7	108.2	107.8	107.7	108.7	110.9	110.3	111.5	112.1
Bulgaria	112.7	115.4	117.6	119.5	120.7	124.0	125.0	126.2	129.5	130.3
Croatia	100.9	104.6	105.1	108.5	109.4	109.3	112.3	113.5	117.6	120.6
Cyprus	99.6	102.7	102.5	105.2	103.3	104.0	103.3	107.0	107.8	112.3
Czech Republic	116.2	119.1	121.2	122.3	125.0	128.7	131.9	134.4	137.0	139.9
Denmark	106.6	110.5	111.0	109.1	114.0	115.6	116.1	113.5	116.0	119.0
Estonia	108.1	108.4	112.1	113.5	115.2	116.4	116.7	120.0	122.0	123.1
Finland	101.6	102.7	102.2	101.8	101.7	103.5	103.0	103.3	102.7	104.4
France	102.4	103.4	105.7	105.8	105.4	106.3	108.7	108.5	108.5	109.7
Germany	107.4	109.5	111.0	112.8	118.3	120.6	123.1	124.6	124.4	126.9
Hungary	122.2	125.5	129.3	132.0	138.6	142.5	148.5	152.3	162.3	162.6
Iceland	122.1	130.1	135.7	136.9	138.8	140.5	143.5	145.2	146.2	147.2
Ireland	113.4	115.9	122.2	125.3	127.3	130.4	133.3	134.3	133.0	133.7
Italy	98.9	99.1	98.6	98.7	98.6	99.2	98.4	98.3	97.7	99.0
Latvia	113.1	119.5	119.7	119.9	126.0	129.9	128.3	132.9	134.0	141.5
Lithuania	111.1	114.5	116.7	116.9	119.8	123.0	124.4	125.6	129.2	131.1
Luxembourg	109.8	112.2	112.3	113.6	116.8	117.9	120.8	123.9	125.0	131.3
Malta	105.2	108.7	112.8	115.7	111.3	115.5	119.3	123.9	118.6	122.7
Netherlands	109.7	111.7	115.7	117.9	119.9	121.7	125.6	127.3	129.7	131.8
Norway	114.9	115.5	112.4	112.2	113.6	116.1	116.3	116.2	118.5	121.7
Poland	103.3	105.4	106.5	107.9	109.5	112.0	113.4	116.1	118.3	121.1
Portugal	111.9	115.5	119.6	121.1	125.6	128.5	129.7	132.3	137.1	141.5
Romania	109.0	114.3	112.4	113.8	116.1	119.7	118.9	119.8	119.9	121.8
Slovakia	107.1	113.1	115.6	116.2	119.6	121.0	120.7	124.1	126.4	131.1
Slovenia	106.9	111.4	111.9	116.1	117.9	122.4	122.9	126.7	127.8	129.4
Spain	108.2	110.4	112.4	113.4	115.0	117.9	120.5	121.0	122.9	124.3
Sweden	114.0	116.2	117.8	114.4	113.2	114.0	115.2	115.0	115.0	116.5
United Kingdom	108.8	111.3	113.8	114.2	113.4	114.7	117.0	116.4	115.1	116.3
EU average	106.4	108.2	109.9	110.7	112.4	114.1	115.9	116.6	117.0	118.9
Euro Area	105.3	106.8	108.5	109.4	111.3	113.0	114.8	115.5	115.9	117.8

Further data, information (links):[Tables](#)**Contact details:**kommunikacio@ksh.hu[Contact us!](#)

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