HOUSING MARKET REPORT

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(November 2025)

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The housing market is of key importance for both economic agents (households, financial institutions) and the broader national economy. Housing market trends correlate closely with financial stability issues and are fundamental determinants of the short-term and long-term cyclical outlook. Overall, one can say that the housing market is integrally linked to all areas of the national economy. Housing market trends – in particular fluctuations in house prices – shape the savings and consumption decisions of households through their effect on their financial situation; they also impact the portfolios, profitability and lending activity of financial institutions via the collateral of mortgage loans.

The Housing Market Report provides a comprehensive overview of current trends on the Hungarian housing market, identifying and describing the macroeconomic processes that influence the demand and supply sides of this market. Every six months, the Magyar Nemzeti Bank presents the relevant developments on the housing market in Hungary in this publication.

Within its primary duties, the Magyar Nemzeti Bank views the property market and therein the housing market as key areas in terms of inflation, the economic cycle and financial stability. The development of property market supply has a direct impact on economic growth, and oversupply and inadequate supply can both have serious consequences for financial stability. House price appreciation increases the wealth of households and encourages them to boost their consumption, which in turn affects growth and inflation. Price appreciation also increases the lending capacity of financial institutions while reducing their expected losses, which has a stimulating effect on the economy via an increased supply of credit. The interconnection between the residential mortgage loan market and house prices demands special attention, as a self-reinforcing interaction can develop between bank lending and house prices over the course of economic cycles.

Using a complex, multifaceted set of data, the Housing Market Report facilitates a deeper understanding of the factors behind market trends and provides insight into the interconnections among individual market participants. Nowadays, the housing market is discussed in central bank publications, both in Hungary and internationally, but typically only from the perspective of the main subject of the particular publication. In this context, the Housing Market Report is an internationally unique central bank publication, given the synthesis it offers in terms of the various macroeconomic and financial stability aspects of the real estate market. The following sets of information are used for this publication:

- *The description of the macroeconomic environment shaping the housing market is based on the information presented in the MNB's Inflation Report[1]. The statistical variables most relevant to the housing market include changes in average earnings, real incomes, unemployment and the yield environment.*

- *Our analysis of current trends on the housing market relies primarily on information supplied by the Central Statistical Office, the National Tax and Customs Administration and property agencies. Information on housing market turnover and house price trends can be subdivided according to the differences between the new-build and pre-owned segments of the housing market. Data on the regional heterogeneity of the housing market are also used.*

- *To present housing market trends in the widest possible perspective, the findings and recommendations of market and governmental actors are incorporated with the help of the Housing and Real Estate Market Advisory Board (hereinafter: LITT).*

- *Our analysis of the residential mortgage loan market relies primarily on credit institutions' balance sheet data, interest rate statistics and loan agreement-level granular loan data collected by the MNB, and we also use the information collected in the Lending Survey[2] on qualitative features in lending processes.*

[1] Magyar Nemzeti Bank, Inflation Report: https://www.mnb.hu/en/publications/reports/inflation-report
[2] Magyar Nemzeti Bank, Lending Survey: https://www.mnb.hu/en/financial-stability/publications/lending-survey

Contents

1 Executive summary

In 2025 H1, several macroeconomic indicators determining demand in the housing market developed favourably in terms of market activity: the number of persons employed in the national economy remained at a high level, and households' purchasing power was supported by the continued rise in real wages and the increase in net financial wealth as a percentage of GDP as well. Housing market demand was also boosted in the first half of the year by savings inflows from the government securities market.

Demand for residential properties for sale grew by 5 per cent year-on-year in 2025 H1, but as a result of the Home Start Programme, it had already increased by 46 per cent in August 2025, prior to the launch of the Programme in September. This was followed by a dynamic, 37-per cent year-on-year increase in completed transactions in September. In Budapest, 81 per cent of transactions completed in the third quarter met the price limits of the Home Start Programme, while virtually all of the properties sold in rural areas did so. In 2025 Q3, in contrast to previous quarters, investors were present in greater numbers on the supply side of the market, partly due to the continuing decline in rental yields. Buyers' bargaining power fell due to increased demand. The median difference between the transaction price and the last advertised price was -1.5 per cent in Budapest and -3.7 per cent in rural areas in 2025 Q3.

In 2025 Q2, housing prices rose by 17.9 per cent year-on-year on average at the national level, making Hungary the country with the highest nominal housing price growth in the European Union. Based on preliminary data, the annual growth rate of housing prices continued to accelerate, reaching 23.9 per cent nationally and 29.9 per cent in Budapest in 2025 Q3. In 2025 Q2, we estimate that housing prices exceeded the level justified by fundamentals by 18.8 per cent nationwide, representing a 5.7-percentage point increase within one year. Most of the overvaluation sub-indicators, such as the rise in housing prices relative to incomes, construction costs, rents and affordable contract sizes, also point to an increase in risks.

In 2025 H1, banks concluded housing loan contracts worth HUF 808 billion, which was 26 per cent higher than in the same period of the previous year, while the share of home purchases financed by loans reached nearly 40 per cent, up 5 percentage points from the end of 2024. The announcement in July of the launch of the Home Start Programme in September 2025 caused a temporary 'wait-and-see' period in the housing loan market at the end of the summer. In 2025 H1, the number of housing loan contracts increased by only 8 per cent year-on-year. The increase in the volume of new disbursements was mainly due to rising loan amounts in parallel with rising contract sizes. According to the Lending Survey, banks did not change their housing loan terms overall in 2025 Q3, but 24 per cent of them may ease their loan-to-value ratio in the next six months due to increasing competition. Banks saw a surge in demand for housing loans in the third quarter and expect this to continue in the future, due to the Home Start Programme. From September, those who are not eligible for family subsidies but take out a loan under the Home Start Programme will see a significant improvement in the affordability of house purchases. However, without a substantial and rapid adjustment in housing supply, rising demand will result in further increases in housing prices.

In 2025 Q1–Q3, 7,500 new residential properties were issued occupancy permits in Hungary, which is 14 per cent less than in the same period of the previous year. In 2025 Q2, however, the number of building permits issued nationally jumped to a 2.5-year high, particularly in Budapest, possibly owing to developers bringing forward the licensing of certain projects in anticipation of stricter building regulations coming into force in July 2025. In response to the upturn in demand observed in the new-build housing market since the end of 2024, the number of condominium construction projects started in 2025 H1 more than doubled nationwide and more than tripled in Budapest compared to the same period of the previous year. This was also reflected in the increase in demand for housing project loans perceived by banks, which is likely to continue in the future.

The average price per square metre of new homes in Budapest rose to HUF 1.77 million by 2025 Q3, representing 15-per-cent annual price growth. In the third quarter, price reductions accounted for a larger proportion within re-priced available dwellings, only a small part of which was related to adjustments to the Home Start price caps. In the third quarter, 17 per cent of new homes for sale in Budapest met the Home Start conditions, while this figure was 29 per cent for homes newly coming onto the market during this period.

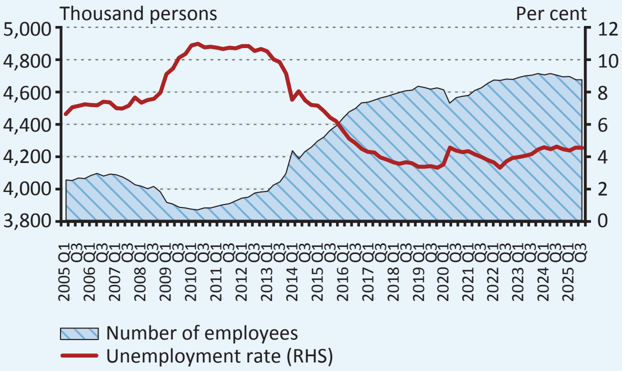
2 Housing market demand and house prices

Several macroeconomic indicators determining housing market demand developed favourably in terms of market activity in 2025 H1: the number of people employed in the national economy remained at a historically high level, but the number of job vacancies continued to fall across a wide range of sectors in the economy, easing labour market tightness. Annual nominal wage growth slowed in 2025 H1, but real wages continued to rise, supporting the expansion of household consumption. Households' purchasing power was boosted by the fact that their net financial assets rose to 110 per cent of GDP by 2025 Q2.

Demand for residential properties for sale grew by 5 per cent year-on-year in 2025 H1 and then increased by 46 per cent in August 2025, in connection with the launch of the Home Start Programme in September. This was followed by a dynamic, 37-per cent year-on-year rise in completed transactions in September. Compared to the same period last year, the number of transactions in September increased sharply in cities with county rights and villages. In 2025 Q3, in contrast to previous quarters, investors were present in greater numbers on the supply side of the market, partly due to the decline in rental yields. The bargaining power of buyers decreased, with bargaining characterising 71 per cent of sales in 2025 Q3, down from 80 per cent one year earlier, which is lower than the long-term average of 77 per cent.

The annual nominal growth rate of housing prices reached 17.9 per cent at the national level in 2025 Q2, making Hungary the country with the highest nominal housing price growth in the European Union. In real terms, a 12.9-per cent increase was observed in the second quarter. Based on preliminary data, the annual growth rate of housing prices accelerated further in 2025 Q3, reaching 23.9 per cent nationally and 29.9 per cent in Budapest. In 2025 Q2, the estimated deviation of housing prices from the level justified by fundamentals reached 18.8 per cent nationwide, showing an increase of 5.7 percentage points versus the same prior-year period. Most of the overvaluation sub-indicators, such as the rise in housing prices relative to incomes, construction costs, rents and affordable contract sizes, also point to an increase in risks.

Chart 1
Number of employees and unemployment rate

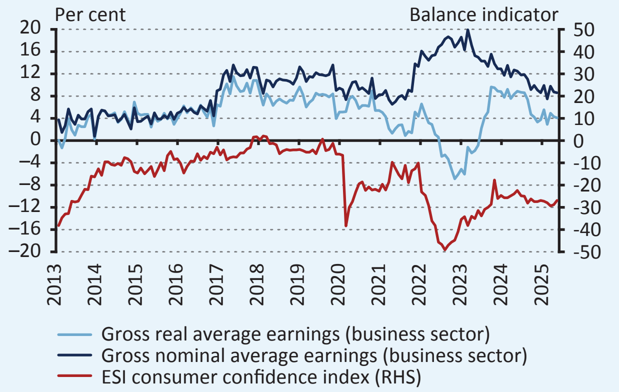


Note: Seasonally adjusted data. In the 15–74 age group.
Source: HCSO

2.1 LAUNCH OF THE HOME START PROGRAMME HAS BOOSTED DEMAND IN THE HOUSING MARKET

Employment in the national economy remained high, but labour market tensions have eased. The labour market has been resilient to the crises in recent years, and employment has remained at a consistently high level. However, since April 2025, employment in the national economy has been declining on an annual basis (Chart 1). On average in 2025 H1, the number of persons employed fell by 0.5 per cent compared to the same period of the previous year. In the third quarter, employment was 0.6 per cent lower on an annual basis. In addition to weaker labour demand, demographic trends that are reducing labour supply are also becoming an increasingly tangible obstacle to further

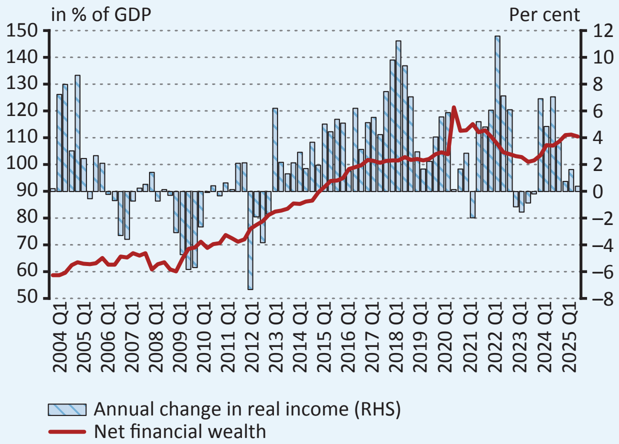
Chart 2
Annual change in average private sector wages and evolution of the ESI consumer confidence index



Note: Based on seasonally adjusted data. The data series runs until August 2025.

Source: HCSO, European Commission

Chart 3
Changes in households' financial assets, liabilities and real income



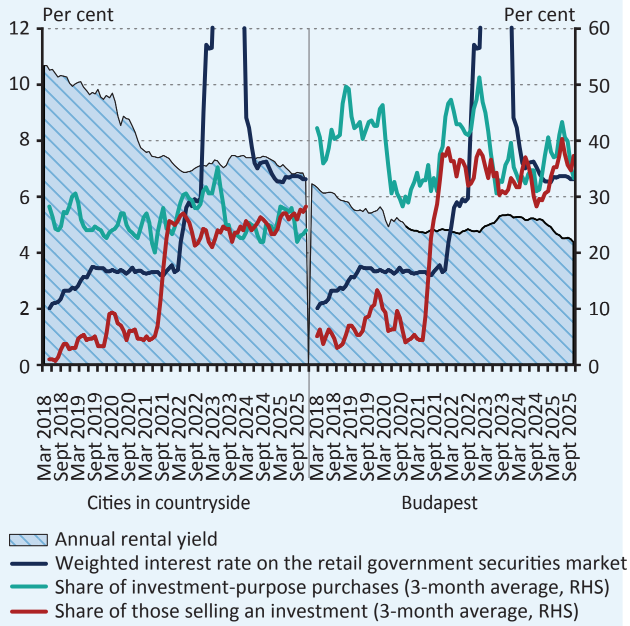
Source: HCSO, MNB

significant employment growth. The unemployment rate averaged 4.4 per cent in 2025 H1, which is 0.1 percentage point lower than one year earlier. In 2025 Q3, the rate stood at 4.5 per cent. Labour market tightness continued to ease, with the number of job vacancies declining in 2025 Q2 both in the manufacturing industry and market services. According to the latest ESI survey in October, the majority of companies in manufacturing, construction and trade expect to reduce their workforce in the coming months, while most companies in market services expect expansion.

In 2025, nominal wage growth fell compared to the previous year, but real wages continued to rise. Lower labour market tightness reduced nominal wage growth, but real wages continued to rise (Chart 2). In 2025 H1, gross average wages in the private sector increased by 9.0 per cent on an annual basis, resulting in a 4.0-per-cent increase in real wages. In August, wages in the private sector rose by 8.5 per cent in a year-on-year comparison, while in the public sector they rose by 9.3 per cent, partly due to sectoral wage increases effective from the beginning of the year and from July. Nominal wage growth reached 8.7 per cent in August 2025 for the national economy as a whole.

Households' real income rose at a slowing pace. In 2025 Q1, households' real income increased by 1.6 per cent year-on-year and by 0.4 per cent in the second quarter. The growth in real wages was partly offset by the dynamics of non-wage type income, which caused real incomes to rise at a more moderate rate than real wages (Chart 3). At the same time, the household savings rate declined moderately from the high levels recorded in previous years, and thus in 2025 H1 household consumption expenditure grew at a faster rate than real income, rising by 3.3 per cent on an annual basis. Households' purchasing power was also boosted by the fact that their net financial assets as a percentage of GDP rose from 106.9 per cent in the same period of the previous year to 110.4 per cent in 2025 Q2. The approximately HUF 24 billion in savings disbursed from pension fund accounts for home purchases by August also contributed to the revival in housing market demand, as did savings inflows from the government securities market (Annex, Chart 10).

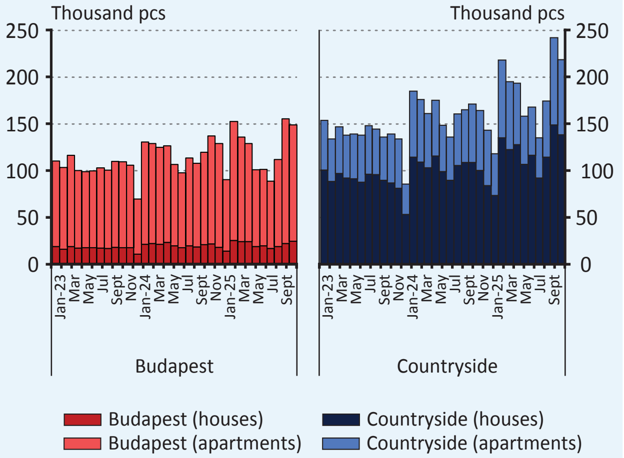
Chart 4
One-year forward-looking housing rental yield and share of house purchases for investment purposes and those selling their investment



Note: Annual rental yield, calculated as the ratio of the annual rental yield net of personal income tax to the house price, plus the property acquisition duty. The rent and house price data used in the calculations refer to homes with a floor space of 60 square metres. The reference interest rate is based on the average annual interest rates at the time of sale, weighted by the monthly issue volume of dematerialised forint retail government securities.

Source: ingatlan.com, HCSO, Duna House, MNB

Chart 5
Demand for apartments and houses for sale at ingatlan.com



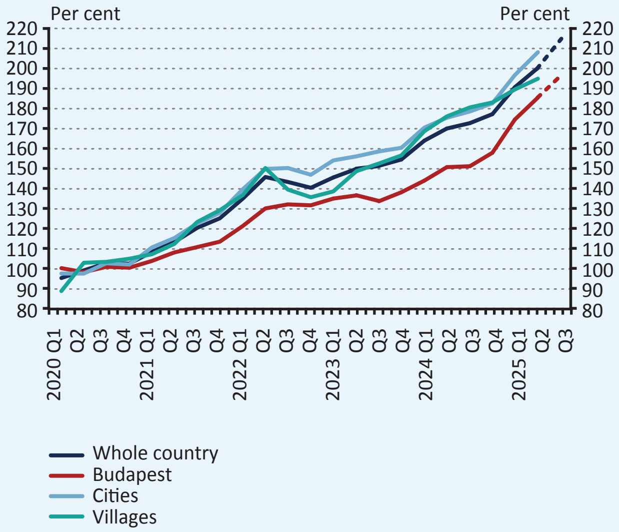
Note: Based on the number of phone number disclosures and phone calls initiated from the mobile application.

Source: ingatlan.com

Following a significant decline in rental yields, investors were already present in greater numbers on the supply side of the housing market. According to the results of a survey conducted by Duna House, in 2025 Q3, in the rural housing market, investors accounted for 24 per cent of buyers and 28 per cent of sellers, and in Budapest, they accounted for 33 per cent of buyers and 37 per cent of sellers (Chart 4). Therefore, in contrast to the past, investors were present in higher numbers on the supply side of the market, which may have been supported by the fact that rental yields fell by 0.8 percentage point on average in rural towns and in Budapest as well in the span of one year (in September, the levels were 6.6 per cent and 4.4 per cent, respectively), while interest rates available on the retail government securities market, which can be considered a risk-free investment, declined to a lesser extent, to 6.6 per cent by September. Based solely on rental yields, real estate investment is therefore less attractive, and instead, investment purpose purchases may be motivated by expectations of further value growth. The shift in investors' market participation rates was also supported by the fact that the launch of the Home Start Programme significantly increased the number of first-time home buyers entering the market.

In connection with the launch of the Home Start Programme, demand in the housing market expanded significantly from August onwards. According to data from the ingatlan.com advertising portal, demand for residential properties for sale increased by just 5 per cent in 2025 H1, but then expanded by 46 per cent in August and 26 per cent in September versus the same prior-year period (Chart 5). Demand grew at similar rates in Budapest and in rural areas, and there was also no significant shift in the ratio of interest in flats and detached houses. The August demand surge was caused by announcement of the Home Start Programme, which started in September and offers widely available loans at a fixed 3-per-cent preferential rate.

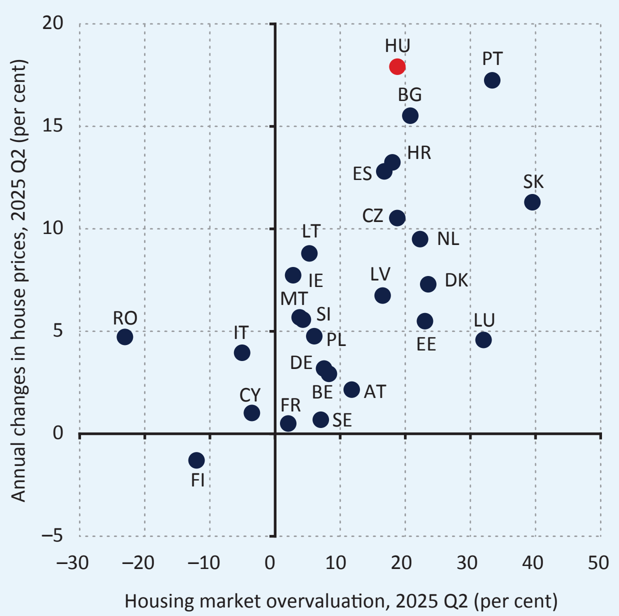
Chart 6
Nominal MNB housing price indices by settlement type (2020 = 100 per cent)



Note: Based on housing market intermediary data for 2025 Q3.

Source: MNB

Chart 7
Annual changes in house prices and housing market overvaluation in EU Member States



Note: Data for Hungary based on the MNB House Price Index and overvaluation estimates.

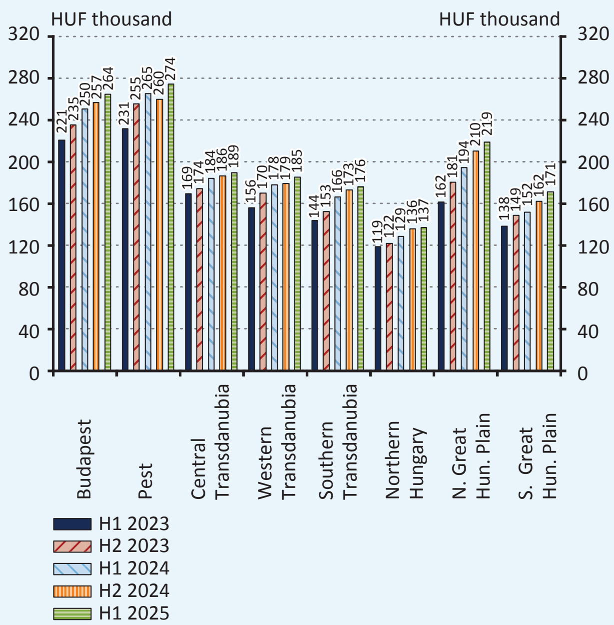
Source: Eurostat, ECB, MNB

2.2 HOUSING PRICES ROSE AT AN EXCEPTIONAL RATE, DEVIATING FROM FUNDAMENTALS

Housing prices rose at a dynamically accelerating pace in both Budapest and rural towns. Domestic house prices grew at a nominal rate of 17.9 per cent nationwide in 2025 Q2, representing a 12.9-per-cent increase in real terms. Based on indices published by the Hungarian Central Statistical Office, prices for pre-owned and new homes rose at similar rates (Annex, Chart 1). Nominal house prices rose by 23.1 per cent in Budapest, 18.7 per cent in rural towns and 10.7 per cent in villages in 2025 Q2 compared to the same period of the previous year (Chart 6). Based on real estate brokerage transactions, the annual growth rate of housing prices continued to accelerate in 2025 Q3, reaching 23.9 per cent nationally and 29.9 per cent in Budapest.

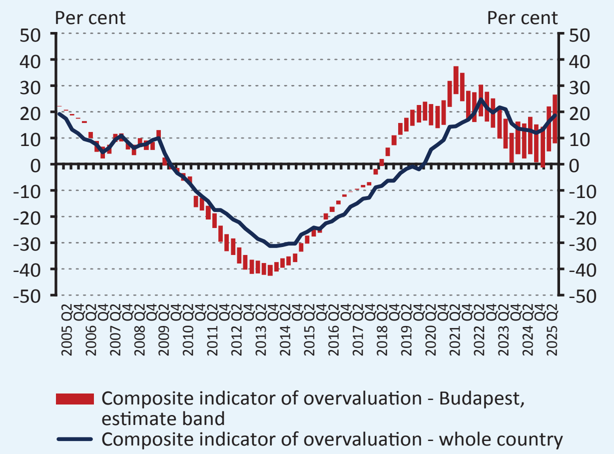
High housing price growth rates were observed in several countries in the CEE region. Nominal house prices in the EU housing market increased by an average of 1.6 per cent on a quarterly basis and by an average of 5.4 per cent on an annual basis in 2025 Q2. The rates of growth in housing prices across the Member States varied widely: the growth rate was highest in Hungary at 17.9 per cent, while a moderate decline occurred only in Finland. At the same time, double-digit annual housing price growth was observed in several countries in Hungary's wider region – Bulgaria, Croatia, Czechia and Slovakia – as well as in Portugal and Spain (Chart 7). In these Member States, the ECB's estimated level of housing market overvaluation exceeded 10 per cent everywhere, with the highest overvaluation observed in Slovakia (39.5 per cent) and Portugal (33.3 per cent).

Chart 8
Average monthly rents based on flats to rent advertised on ingatlan.com



Note: Based on ads removed from the page in the given period.
Source: ingatlan.com, HCSO

Chart 9
Deviation of house prices from level justified by fundamentals in Hungary and Budapest[3]



Source: MNB

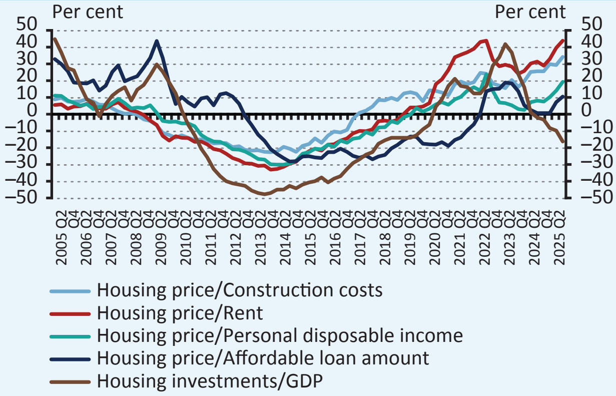
The rate of increase in rents moderated. According to data from ingatlan.com, at the end of September 2025, 16,200 dwellings were advertised for rent in Hungary, representing a 9-per-cent year-on-year increase in the number of available rental properties. According to the HCSO–ingatlan.com rent index, the annual growth rate of rents reached 6.6 per cent in Budapest and 6.5 per cent on a national average in September. This is essentially in line with the dynamics observed at the end of the previous two quarters in Budapest, while nationally, it represents a moderate slowdown in the rate of growth (Annex, Chart 7). In 2025 H1, the average rent was between HUF 170,000 and HUF 190,000 in the three Transdanubian and Southern Great Plain regions, HUF 137,000 in Northern Hungary, and HUF 219,000 in the Northern Great Plain region (Chart 8). In Budapest and the Pest region, the average monthly rent was HUF 264,000 and HUF 274,000, respectively, in the first half of the year.

Housing market overvaluation increased significantly in 2025 H1 and may also intensify in the second half of the year. According to our composite indicator, the estimated deviation of housing prices from the level justified by fundamentals reached 18.8 per cent nationwide in 2025 Q2, showing a 5.7-percentage point increase compared to the same period of the previous year (Chart 9). Our estimate for the housing market in Budapest also indicates a significant increase in overvaluation. Based on preliminary housing price index values and the strong demand generated by the Home Start Programme, further increases in overvaluation are expected in 2025 H2. In response to, among other things, the banking risks arising from higher overvaluation, starting from 1 January 2026, the MNB will apply a 1-per-cent sectoral systemic risk buffer (sSyRB) to exposures secured by mortgages on domestic residential (and commercial) properties, thereby specifically enhancing banks' resilience to shocks.[4]

[3] We analyse the deviation of house prices from the level justified by fundamentals using a composite indicator. The sub-indicators of the composite index are: house price/income, house price/rent, new house price/construction cost, house price/affordable contract size, housing investments/GDP. The composite index is the weighted average of the deviations of each sub-indicator from the long-term average. For the detailed methodology, see: Lados, Cs. (2025): *Composite indicator for estimating housing market overvaluation in Hungary and Budapest,* Magyar Nemzeti Bank, MT 154. The deviation of house prices in Budapest from the estimated level justified by fundamentals is presented on the basis of the Budapest composite indicator, where the estimation range is given by the weighted version of the deviations of the composite indicator from the long-term average of the sub-indicators and the weighted version of the deviations of the sub-indicators from the HP trend. In the Budapest composite, the housing investment/GDP sub-indicator is replaced by the number of house constructions.

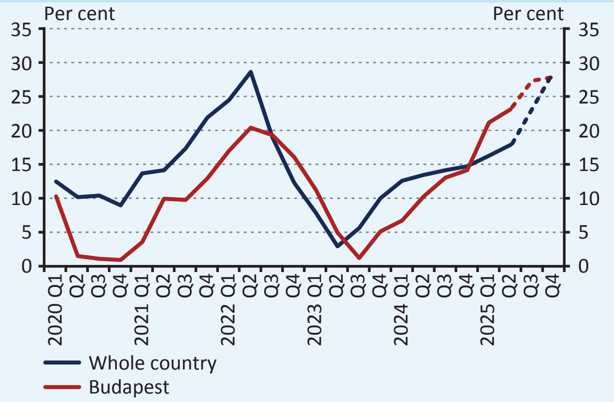
[4] https://www.mnb.hu/en/pressroom/press-releases/press-releases-2025/central-bank-reviews-real-estate-lending-toolkit

Chart 10
Sub-indicators of the composite indicator



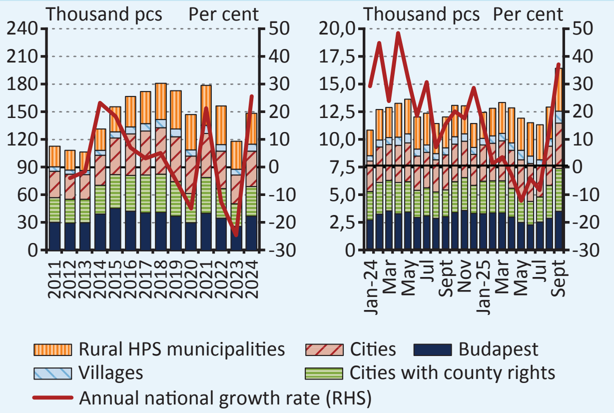
Note: Deviations from long-term averages.
Source: MNB, HCSO, Eurostat

Chart 11
Forecast for the annual growth rate of nominal house prices



Source: MNB

Chart 12
Number of housing market transactions by type of settlement



Note: Taking into account 50-per-cent and 100-per-cent ownership by private individuals. Between January 2024 and March 2025, the data from the NTCA duty database were adjusted on the basis of the estimated level of processing by type of settlement. From April 2025, based on transactions and estimated market share of real estate agents.
Source: NTCA, MNB, housing agent database

Four out of five overvaluation sub-indicators signal an increase in risks. The dynamic growth in housing prices in 2025 H1 was partly explained by supply shortages, but the demand side of the market is also increasingly overheated. The value of the house price-to-rent ratio significantly exceeds the level typically seen in the past two decades, and in the longer term this may steer buyers purchasing homes for housing purposes towards renting and buyers looking to rent out properties towards other investment instruments. Housing prices rose significantly faster than rents, incomes, construction costs and affordable contract sizes in 2025 H1 (Chart 10). All of this suggests that housing market demand already exceeded the level sustainable in the longer term, even before the launch of the Home Start Programme.

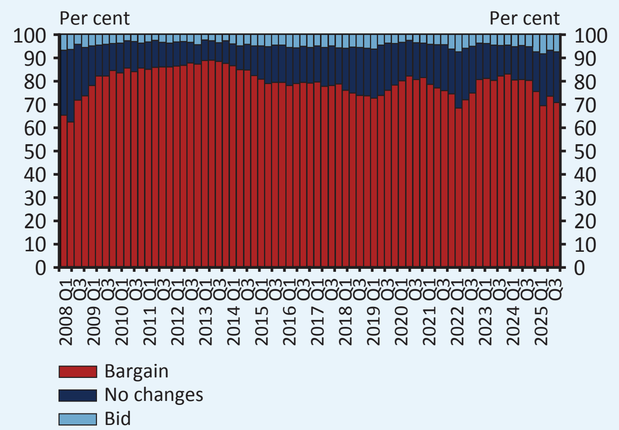
The annual nominal housing price growth rate may accelerate to around 29 per cent on a national average by the end of 2025. Based on the MNB's mixed-frequency forecast model,[5] which also takes into account the latest market indicators for September, high quarterly housing price growth of 6–7 per cent can be expected on a national average in 2025, meaning that by the end of 2025 Q3 and Q4 the annual growth rate of housing prices may accelerate to 28.8 per cent (Chart 11). Following quarterly price increases of 4–5 per cent in Budapest, the annual housing price growth may reach 27.9 per cent in 2025 Q4. The slower acceleration of growth in Budapest compared to the national average may be explained by the fact that the price-related conditions of the Home Start Programme may limit further price increases for some dwellings in Budapest, while this limit is not yet effective for rural price levels.

2.3 LAUNCH OF THE HOME START SCHEME SIGNIFICANTLY INCREASED HOUSING MARKET TURNOVER

Housing market turnover slowed down until July, but then rose significantly in September. After March 2025, the number of housing market transactions by private individuals gradually declined, falling to 11,300 nationwide by July (Chart 12). However, the launch of the Home Start Programme in September triggered a sharp rebound in housing market turnover. In August, around 12,900 sales transactions may have occurred, with an increase in September to 16,400 transactions, representing a 37-per-cent year-on-year increase. In cities with county rights (+61 per cent) and villages (+46 per cent), the number of transactions in September grew more than average compared to the same period last year, but the number of sales transactions also increased significantly in Budapest (+16 per cent) and other rural cities (+28 per cent).

[5] For the methodology, see Box 2 of the MNB Macroprudential Report 2025.

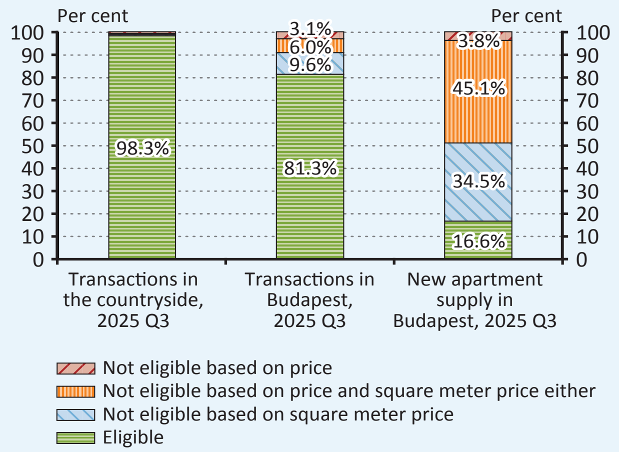
Chart 13
Distribution of housing transactions by direction of deviation from last advertised price



Note: Bargain: the transaction price is lower than the last advertised price. Bid: the transaction price is higher than the last advertised price.

Source: MNB, housing agent database

Chart 14
Distribution of flats sold and new homes for sale in Budapest according to eligibility for Home Start



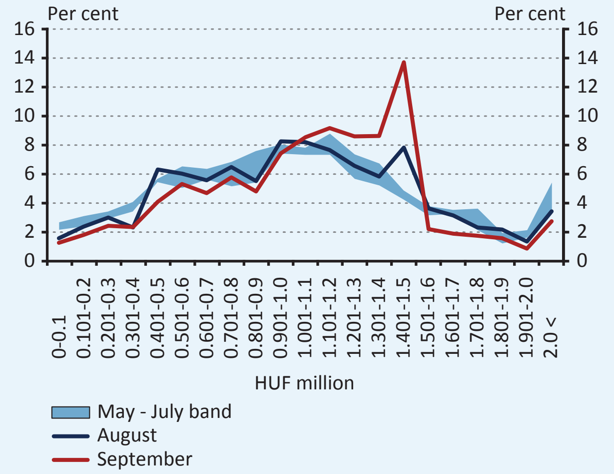
Note: New homes for sale based on apartments sold in the third quarter and apartments available at the end of the quarter in projects with at least four apartments. No apartment-level square metre price data is available for new homes in rural areas, but based on the average square metre price available at the project level, Home Start can be used for 57 per cent of the available new homes for sale in rural areas.

Source: NTCA, B400 data reporting, ELTINGA – Budapest Housing Market Report

The frequency of bargaining is below the previous level. In 2025 Q3, in 71 per cent of transactions brokered by housing agents, the transaction price was lower than the last advertised price (bargaining took place), in 22 per cent of cases it was the same, and in 7 per cent of cases, the transaction price was higher (bidding took place) (Chart 13). These ratios were 80–15–5 per cent in the same period of the previous year, respectively, meaning that buyers' bargaining power has decreased over the past year. The median difference between the transaction price and the last advertised price was –1.5 per cent in Budapest and –3.7 per cent in rural areas in 2025 Q3 (Annex, Chart 9).

Based on transactions, the vast majority of rural homes and about four-fifths of homes in the capital meet the price limits of the Home Start Programme. In 2025 Q3, 98 per cent of rural homes sold and 81 per cent of Budapest homes fell within the price limits of the Home Start Programme (Chart 14). In the case of transactions in Budapest, the square metre price limit was more effective than the purchase price limits. However, only 17 per cent of the new homes for sale in Budapest in the third quarter would have been eligible for the programme. The price per square metre was higher than the HUF 1.5 million limit in nearly 80 per cent of new homes in Budapest, while nearly half of new homes in Budapest exceeded the HUF 100 million purchase price limit.

Chart 15
Distribution of square metre prices for transactions in Budapest



Source: NTCA, B400 data reporting

The share of transactions in Budapest directly below the square metre price limit of the Home Start Programme has increased. In September, with the launch of Home Start, the distribution of sales in Budapest by price per square metre changed significantly compared to the months preceding the announcement of the programme (May–July 2025) (Chart 15). The share of transactions in Budapest with a square metre price of up to HUF 1 million decreased from 50 per cent to 40 per cent, while the share of sales in the HUF 1–1.5 million square metre price category increased from 33 per cent to 49 per cent. Within this, the share of housing transactions directly below the upper price limit set by the Home Start Programme, in the HUF 1.4–1.5 million range, rose significantly, advancing 10 percentage points.[6] A general increase in prices was thus observed across a significant portion of the distribution. At the same time, the share of homes sold at a price per square metre higher than HUF 1.5 million also decreased (from 18 per cent to 11 per cent), as demand in this segment may have weakened and some sellers may have reduced the price per square metre below the HUF 1.5 million limit. However, the share of the latter may be very low.

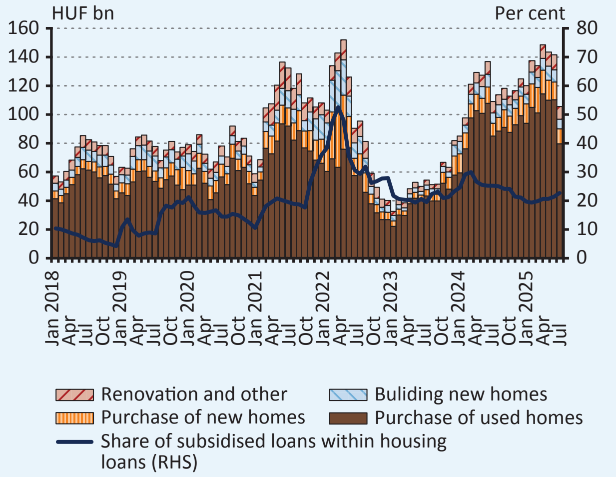
[6] This increase accounts for approximately 3 per cent of the total number of transactions nationwide, while this price per square metre category is not typical in rural areas. Based on this, any distortions resulting from the programme's price limits do not significantly affect the value of the national housing price index. If a larger proportion of transactions were affected, it could lead to distortion if sellers reduced the price of properties worth more than this on the market below the HUF 1.5 million per square metre price set by the Home Start Programme and increased the price of other properties sold alongside the residential property (garages, storage rooms) or sell the furnishings in the apartment under a separate contract.

3 Housing loans and family housing subsidies

In 2025 H1, banks concluded housing loan contracts worth HUF 808 billion, up 26 per cent on the same prior-year period. At the end of the summer, announcement of the launch of the Home Start Programme in September 2025 led to a 'wait-and-see' attitude in lending, but the share of homes purchased with loans has been steadily rising since the end of 2024, and the 39-per-cent rate seen in the second quarter exceeded the long-term average. In 2025 H1, the number of housing loan contracts increased by only 8 per cent year-on-year; thus, the increase in the volume of new disbursements was mainly due to rising loan amounts in parallel with rising contract sizes.

According to the Lending Survey, on the whole, banks did not change their housing loan terms in 2025 Q3, but 24 per cent of respondents said they would ease their loan-to-value ratio in the next six months due to increasing competition. In 2025 Q3, 60 per cent of banks experienced an upturn in demand for housing loans, with 66 per cent of them expecting this to continue, in line with wider use of the Home Start scheme. Since the phasing out of the APR ceiling, the APR and interest rates of market-based housing loans have essentially stagnated, with banks offering these housing loans at a spread of between 0 and 1 percentage point compared to long-term yields over the past two years. From September, those who are not eligible for family subsidies but take out a loan under the Home Start Programme will see a significant improvement in the affordability of house purchases in the short term: compared to market-priced loans, the same contract size means 28–32 per cent lower repayment instalments under the programme. However, without a substantial, rapid adjustment in housing supply, the increase in demand will result in a further rise in housing prices, and accordingly the improvement in affordability may be temporary.

Chart 16
Disbursement of housing loans by purpose and share of subsidised loans

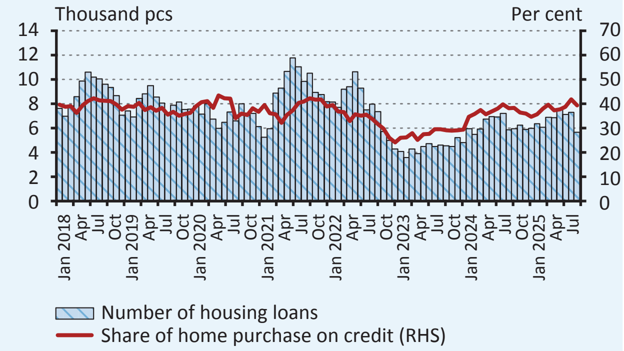


Source: MNB

3.1 HOME START BEGINS AMIDST STRONG DEMAND FOR HOUSING LOANS, BRINGING A SIGNIFICANT IMPROVEMENT IN AFFORDABILITY IN THE SHORT TERM

Announcement of the Home Start Programme came at a time of dynamic growth in the housing loan market. In 2025 H1, banks concluded housing loan contracts worth HUF 808 billion, which was 26 per cent higher than in the same period of the previous year. This robust demand coincided with the July announcement of the launch of the Home Start Programme in September 2025, which triggered a 'wait-and-see' attitude on the housing loan market at the end of the summer. In August 2025, the more than HUF 140 billion in housing loan disbursements observed in previous months was followed by HUF 105 billion in new contracts concluded, reflecting a 28-per-cent monthly decline in loans requested for the purchase of pre-owned homes (Chart 16). The smallest decline, 15 per cent, was in loans taken out to purchase new homes. In 2025 Q2, 20 per cent of housing loans were state-subsidised schemes, a share that may rise significantly with the launch of Home Start.

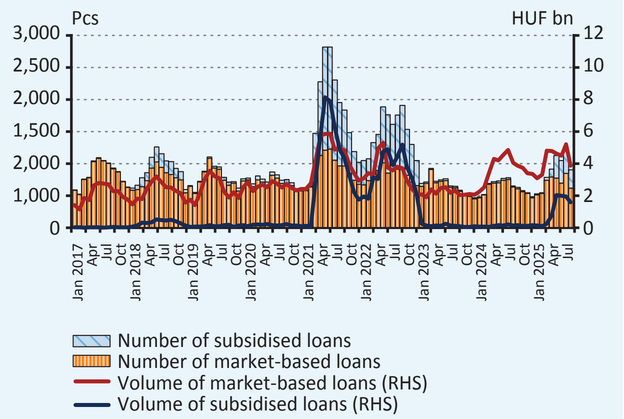
Chart 17
Number of new housing loan contracts and share of loans used to purchase housing



Note: The loan-to-transaction ratio is calculated based on the rolling 3-month ratio of housing loan applicants in the given month and housing transactions completed in the previous month.

Source: MNB

Chart 18
Volume and number of housing loans taken out for renovation and modernisation



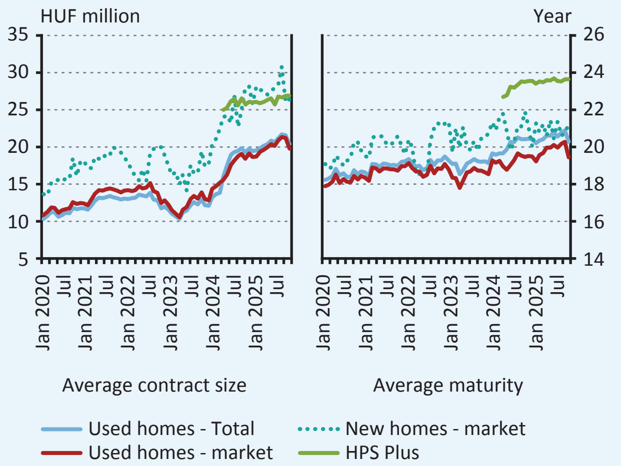
Source: MNB

The number of housing loan contracts concluded reflected a 'wait-and-see' attitude due to Home Start. In 2025 H1, credit institutions concluded 41,000 housing loan contracts, which represents a more modest increase of around 8 per cent compared to the same period of the previous year. Whereas 7,000 contracts were concluded in July 2025 as in previous months, in August, due to the 'wait-and-see' attitude associated with the Home Start scheme, only 5,700 housing loan contracts were concluded. According to banks, loan intermediaries also held back clients during this month[7] (Chart 17). In conjunction with steady growth, the share of homes purchased with loans reached 39 per cent in 2025 Q2, which was higher than the long-term average.

In 2025, home renovation programmes provided substantial support for investments aimed at improving the housing stock. By August 2025, banks had signed more than 7,000 loan contracts for home renovation and modernisation, worth approximately HUF 43 billion. 80 per cent of the contracted volume was comprised of market-priced loans, while there was a significant increase in the volume of subsidised loans, thanks to the home renovation subsidies available from 2025 (Chart 18). Starting from 1 January 2025, the Rural Home Renovation Programme was launched in settlements with fewer than 5,000 inhabitants, within the framework of which interest-subsidised loans of up to HUF 6 million can be applied for without any energy-related restrictions. In addition, from 20 January 2025, the Energy Home Renovation Programme will be available with eased eligibility criteria and interest-free loans, with a total budget of HUF 73 billion. In the latter programme, a total of 2,577 applications for subsidies were submitted by households in 2025 H1, worth approximately HUF 14.5 billion, of which HUF 500 million has already been disbursed, and applications worth a further HUF 6 billion have already been approved (Annex, Chart 12). In the home renovation programme launched in July 2024 with even stricter conditions, HUF 8 billion was disbursed this year.

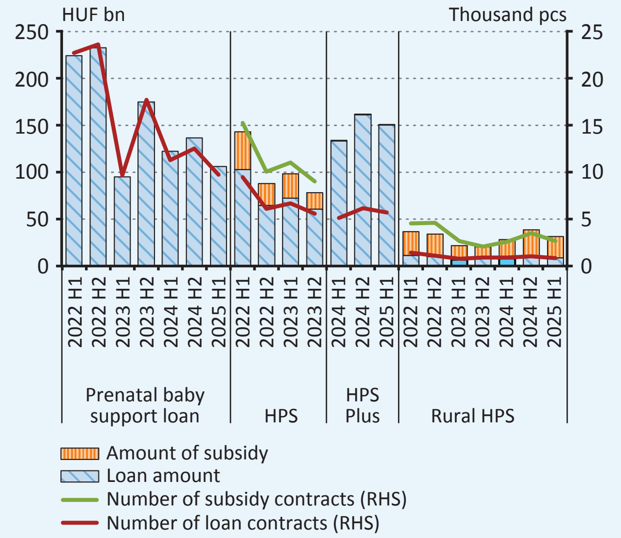
[7] Trends in Lending, 2025 Q2 https://www.mnb.hu/letoltes/trends-in-lending-flyer-2025q2.pdf

Chart 19
Average contract size and maturity of new housing loans



Note: Maturities are averages weighted by contract amount.
Source: MNB

Chart 20
Number and amount of newly disbursed subsidised loans

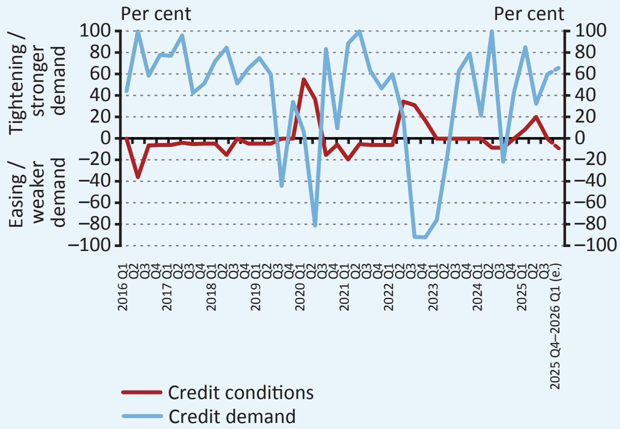


Note: Credit institution sector.
Source: MNB

The average contract amount of market-based housing loans rose sharply. In August 2025, the average contract amount of market-based housing loans for the purchase of pre-owned homes was HUF 19.8 million, corresponding to a 7-per-cent annual increase. In the case of loans requested for the purchase or construction of new homes, a 5-per-cent decrease was observed, with the average contract size reaching HUF 26.6 million on a market basis in August 2025 (Chart 19). The average loan amounts applied for under the HPS Plus programme are close to the amounts taken out for new homes. Compared to the value of the collateral, the contract sizes averaged 52 per cent in rural areas, while in Budapest the average loan-to-value ratio (LTV) was lower, at 49 per cent, for loans disbursed in 2025 Q2 (Annex, Chart 11). Similar to the level one year earlier, the average maturity was 24 years for HPS Plus loans, while for loans taken out for pre-owned and new homes, it was 19 and 21 years, respectively, in August 2025.

The volume of subsidised loan contracts decreased for all schemes in a half-year comparison. Households concluded HUF 150 billion worth of HPS Plus loan contracts in 2025 H1, which represents a 7-per-cent decrease compared to the previous half-year (Chart 20). The value of new prenatal baby support loan contracts decreased by 22 per cent to HUF 106 billion during the same period. The average contract size did not change significantly in the case of HPS Plus and prenatal baby support loans, while in the case of rural HPS loans, it rose from HUF 9.5 million in 2024 H2 to HUF 10.2 million in 2025 H1. However, the increase in contract sizes did not offset the decline in the number of contracts, with HUF 9 billion in rural HPS loans contracted in 2025 H1, 10 per cent below the previous half-year's value.

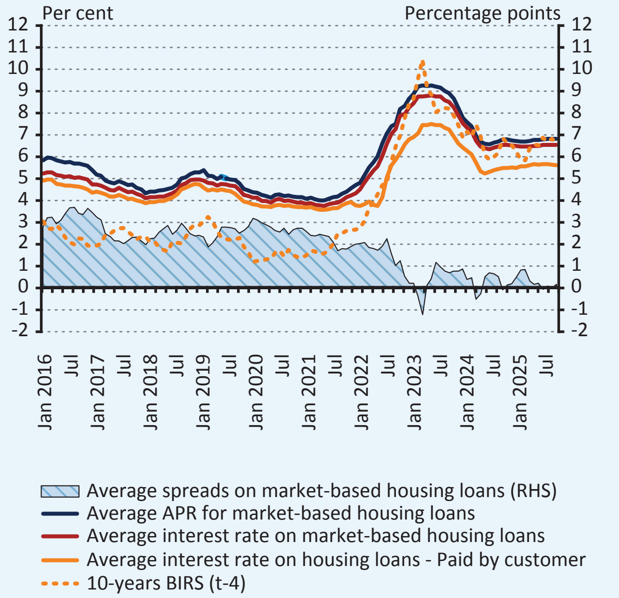
Chart 21
Changes in credit conditions and demand for housing loans



Note: Net ratio is the difference between tightening and easing and banks indicating stronger and weaker demand weighted by market share.

Source: MNB, based on banks' responses

Chart 22
Average customer interest rates on newly disbursed housing loans and financing costs of market-based housing loans



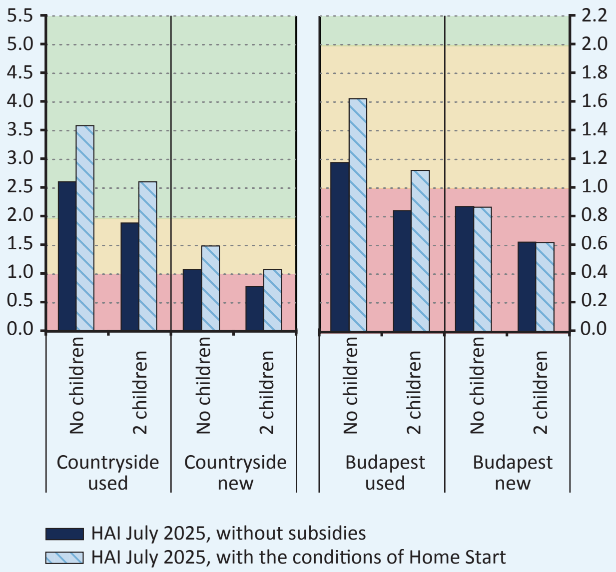
Note: Average APR and interest rate data weighted by contract volume. Client interest rates include all housing loans. APR-based spreads based on 10-year BIRS data from 4 months ago.

Source: MNB

Most banks experienced a continued upturn in demand for housing loans in 2025 Q3. Based on the responses to the Lending Survey, on the whole, banks did not change their housing loan standards in 2025 Q3, but 35 per cent reduced their housing loan spreads in net terms. Banks cited market share targets as the reason for the easing. A net 9 per cent of responding institutions considered an easing in the next six months, while a net 24 per cent indicated easing in the loan-to-value ratio, and a net 17 per cent indicated further reductions in spreads due to increasing competition among banks (Chart 21). In 2025 Q3, 60 per cent of banks experienced a continued upturn in demand for housing loans in net terms, and looking ahead, an increasing share of them, 66 per cent, expect further growth in demand, in line with the spread of the Home Start Programme.

Since the phasing out of the APR ceiling, the average interest rate on market-based housing loans has stagnated at around 6.5 per cent. Since July 2024, following the voluntary phasing out of the APR ceiling, the APR on market-based housing loans has not changed significantly, partly due to strong market competition. As a result, the average APR for market-based housing loans stood at 6.8 per cent in August 2025, while the average interest rate on loans stagnated at 6.6 per cent (Chart 22). Over the past two years, banks have consistently offered market-based housing loans with a spread of between 0 and 1 percentage point. Through HPS Plus, where contracts were concluded at an average client interest rate of 2.98 per cent until the end of August, the average initial interest rate actually payable by clients on total new disbursements was 5.6 per cent in August 2025.

Chart 23
Housing Affordability Index (HAI) with market interest rates and Home Start



Note: The Housing Affordability Index (HAI) shows the number of times the income of a household with two average earners (in the countryside or Budapest) covers the income required for the financed purchase of an average home. If the HAI value is above 2.0 (green background), purchasing a home with a loan can be achieved with an average salary without excessive financial strain, while if the value is below 1.0 (red background), even two average salaries are not enough. Calculations are based on the average price of a 45-square meter home without children, or a 65-square meter home with 2 children. LTV = 70%, PTI = 30%, maturity = 20 years. The majority of new home transactions in Budapest will not be eligible to participate in the Home Start Programme due to price and square meter price limits.

Source: HCSO, MNB

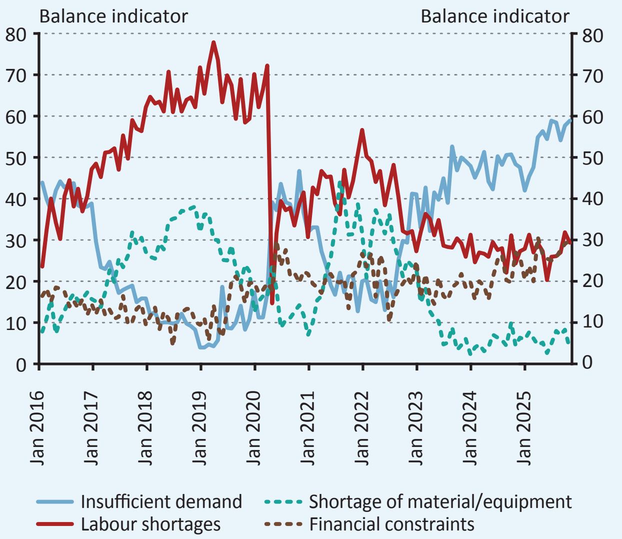
In the short term, for a wide range of borrowers, the affordability of house purchases will significantly improve. From September, borrowers who were formerly not eligible for family subsidies but who meet the conditions of the Home Start Programme may be able to repay a loan of the same amount (up to HUF 50 million) even with an income 28–32 per cent lower than that required for market-priced loans, thus significantly improving the affordability of house purchases for these customers (Chart 23). However, without a substantial, rapid adjustment in housing supply, the increase in demand will result in a further increase in housing prices, and therefore the improvement in affordability may be temporary. The initial effect of lower repayment instalments due to favourable interest rates would only be offset by a very significant (40–50-per-cent) increase in house prices, which could have a long-lasting effect on demand, but even a smaller price increase could force some of the buyers who have become creditworthy through Home Start out of the market due to the amount of own contribution required.

4 Supply of new homes

In 2025 Q1–Q3, 7,500 new residential properties were issued occupancy permits in Hungary, down 14 per cent on the same period of the previous year; 2016 was the last time when the number of homes completed in the same period of the year was lower than this. In 2025 Q1–Q3, building permits were issued for 20,000 homes, which was 37 per cent higher than in the corresponding period of 2024. The number of building permits increased primarily in Budapest, possibly due to developers bringing forward the licensing of certain projects in anticipation of the stricter building regulations (TÉKA) coming into force in July 2025. In 2025 H1, the number of condominium construction projects commenced more than doubled nationally and more than tripled in Budapest. Housing construction costs rose significantly in an international comparison, increasing by 7.4 per cent annually in 2025 H1.

At the end of 2025 Q3, the development and sale of 17,700 homes was underway in Budapest, representing a year-on-year increase of 47 per cent. Having sold a record number of more than 4,000 homes in the second quarter, developers began selling a relatively high number of new homes in 2025 Q3, adapting to the elevated demand. As a result, the number of new homes available for purchase in Budapest increased by 11 per cent year-on-year, while in rural areas, the increase was only 3 per cent. In Budapest, 2,080 newly built condominium flats were sold in 2025 Q3, representing a 44-per-cent year-on-year increase in turnover. In the third quarter, approximately one-quarter of the new homes available in Budapest were repriced, most of which resulted in price reductions, but only a small portion of these were related to adjustments to the Home Start price limits. The average price per square metre of new homes in Budapest rose to HUF 1.77 million by 2025 Q3, which is still high, reflecting 15-per-cent annual price growth. In the third quarter, 17 per cent of new homes for sale in Budapest would have met the Home Start conditions, while this figure was 29 per cent for homes newly coming onto the market during the quarter.

Chart 24
Constraints on construction output



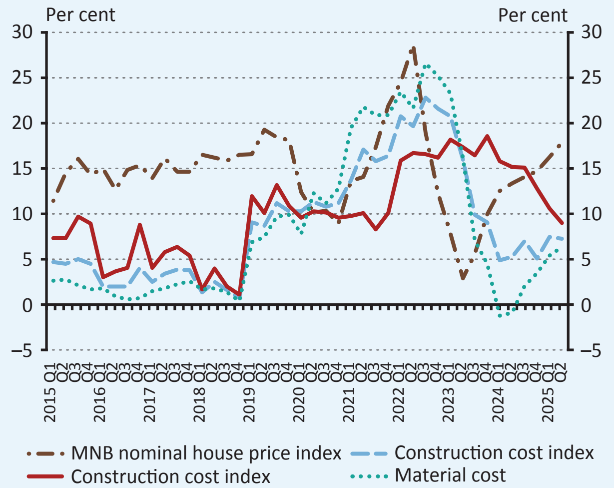
Note: Seasonally adjusted data. The data series runs until October 2025.

Source: European Commission

4.1 THE CONSTRUCTION INDUSTRY AS A WHOLE IS EXPERIENCING INSUFFICIENT DEMAND, BUT INTEREST IN RESIDENTIAL PROJECT LOANS IS GROWING STEADILY

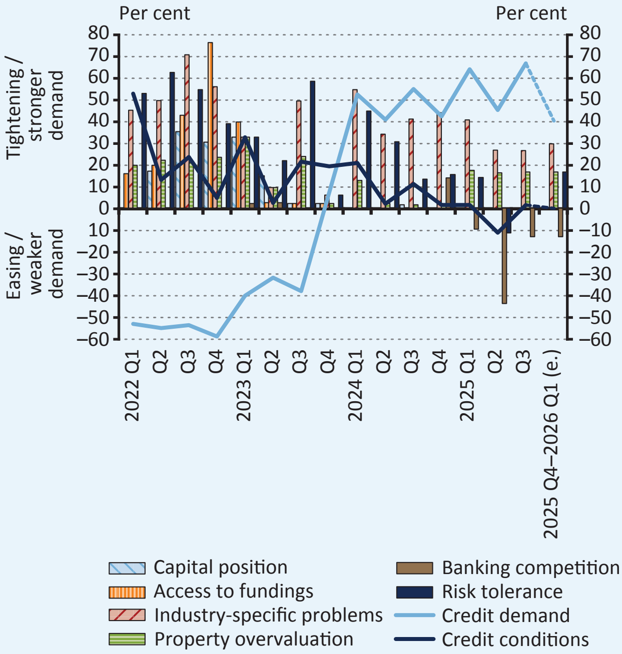
Insufficient demand is the main factor holding back the performance of construction companies. Based on surveys conducted among companies, between January and October 2025, approximately 45–59 per cent of construction companies were limited in their production by insufficient demand (Chart 24). Lower public orders also reduced demand in the construction industry. Within the domestic construction industry, the share of public orders fell from nearly 60 per cent in the period 2019–2021 to around 40 per cent by the end of 2024, and at the end of June 2025, the share of public orders accounted for 38 per cent of four-quarter rolling construction output. Labour shortages were a problem for 20–32 per cent of construction companies, while financial constraints were a problem for 20–31 per cent. Shortages of raw materials and equipment were a hindrance for 2–8 per cent of companies in recent months. The number of persons employed in the construction industry has declined moderately since the beginning of 2023 and then stagnated in 2025 (Annex, Chart 13). Due to the shortage of skilled

Chart 25
Annual change in home construction costs and nominal house prices



Source: HCSO

Chart 26
Housing project loan conditions and changes in demand



Note: Net ratio is the difference between tightening and easing, and banks indicating stronger and weaker demand weighted by market share. The factors underlying credit condition changes apply to commercial real estate loans overall.

Source: MNB, based on banks' responses

workers in the construction industry, companies have not resorted to major layoffs so far, given the difficulty of recruiting labour. At the same time, the share of companies citing labour shortages as a factor limiting production is fluctuating at a lower level than in previous years.

Domestic home construction costs rose by 7.4 per cent in 2025 H1 compared to the same period of the previous year. Within this, material costs rose at an accelerating rate of 5.9 per cent, while construction labour costs rose at a slower rate, but still exceeded the national economy and private sector average, increasing by 9.8 per cent year-on-year (Chart 25). The growth rate of domestic home construction costs in 2025 Q2 was among the highest in the EU, with home construction costs in the European Union increasing by only 1.1 per cent on an annual basis (Annex, Chart 14).

In 2025 Q3, banks reported robust demand for housing loans, despite unchanged lending conditions. Based on the responses to the Lending Survey, banks did not change their overall lending conditions for housing projects in 2025 Q3, and also do not plan to change such conditions in 2025 Q4 or 2026 Q1 (Chart 26). In 2025 Q3, 67 per cent of banks experienced a net increase in demand for housing project loans compared to 2025 Q2, and looking ahead to the next six months, 40 per cent expect further growth in demand in this segment, which may be influenced by the priority investment status available under the Home Start Programme. Box 1 examines the factors influencing the launch of residential real estate projects through an assessment of project profitability.

Box 1
Estimation of the return on equity on residential real estate projects in Budapest

The number of newly built homes in Hungary has remained low since the global financial crisis; therefore, it is worth examining in detail the factors influencing the launch of housing developments. In 2024, the renewal rate of the domestic housing stock was only 0.3 per cent, which was the lowest in the European Union. The number of newly built homes is determined, among other things, by the commercial profitability of residential property development. In order to quantify this factor, we examine in this Box how the internal rate of return on equity for a schematic residential property project in Budapest may have developed over time. The limitations of the study are, on the one hand, that in reality, individual developments launched in the same period may differ significantly in terms of numerous parameters and, on the other hand, that developers decided to launch projects based on preliminarily estimated ex ante profitability, while our calculations mostly refer to ex post profitability (based on known housing price and cost dynamics). However, our study is suitable for capturing general changes in profitability over time, thus helping to better understand the development of new homes for sale.

Our profitability calculations are based on the following data and assumptions, which were developed in consultation with real estate developers, project financing banks and the HCSO:

– Project duration of 4.5 years, of which 2 years are for site preparation and permitting, and 2.5 years are for construction.

– During the ten quarters of construction, we assume steady sales of apartments, and we thus use an average net price per square metre during this period. We increase the resulting revenue by a fixed rate of 7 per cent due to the sale of garages and storage units. The cash flow from revenues occurs at the end of the project, as in the case of loan-financed developments, the buyers' funds are placed in an escrow account in accordance with MNB Recommendation No. 6/2023 (VI.23.) until the end of the project, where the purchase price instalments can be blocked.

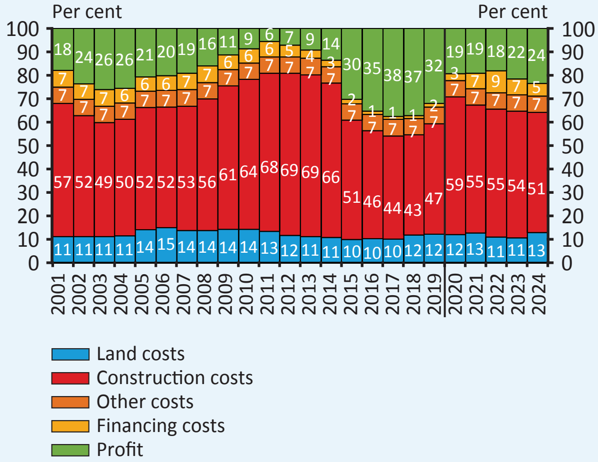
– We calibrated the costs of the land and land development so that they fluctuate between 10 and 15 per cent of sales revenue, depending on the cyclical position of the housing market and taking into account the purchase of the land two years prior to construction. 80 per cent of the cash flow related to the land will occur at the start of the project, and 10 per cent each will occur in the first and second years of preparation.

– Construction costs per usable square metre were also determined as a 10-quarter average, based on cost estimates for a high-quality category. The costs also take into account the civil engineering works required for the parking garage. Cash flow is evenly distributed throughout the construction period.

– We allocated 7 per cent of sales revenue to other costs (primarily design and licensing, legal, marketing and sales costs). Cash flow is steady throughout the entire 4.5-year project.

– 30 per cent of the project costs are financed by equity and 70 per cent by a variable-rate bank loan. In terms of cash flow, own funds are spent first, followed by gradual borrowing to cover additional costs arising, and finally, repayment of the principal and interest occurs together at the end of the project.

Cost breakdown of net revenue per 1 useful square meter of a new apartment project in Budapest, by year of construction start



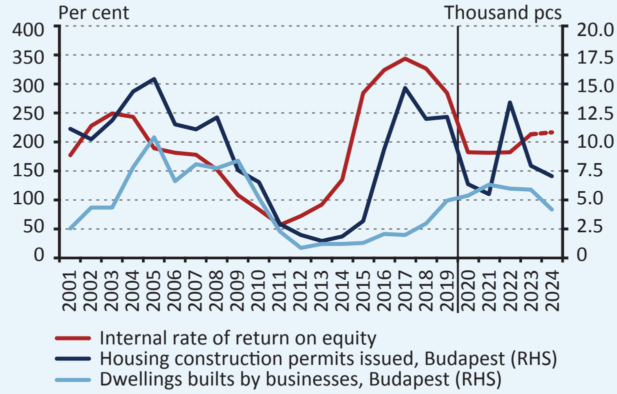
Note: The vertical line indicates a break in the construction cost time series resulting from more modern housing quality.

Source: MNB, HCSO

Based on our analysis, the return on new home projects is primarily influenced by the ratio of net housing prices to construction costs, while the role of financing costs is less significant. The profit margin on sales revenues from residential real estate projects increased significantly from 2015 with the introduction of a preferential 5-per-cent VAT rate on housing, but later declined due to dynamically rising construction costs and expectations for more modern housing quality. The rise in project loan interest rates in 2022–23 resulted in temporarily higher financing costs, but for projects starting construction in 2024, these costs accounted for only 5 per cent of net revenue, which is in line with the long-term average. Overall, it can also be seen that the profitability of projects is high on a long-term average, but that it is very sensitive to business cycles and regulatory changes; therefore, the risk taken by developers is also significant.

The number of building permits correlates with returns, but even after the most profitable periods, few homes were built. Based on our findings, the internal rate of return on equity for housing developments in Budapest is 19.5 per cent on a long-term average, around 18 per cent for construction projects started in 2020–2022, while for those commenced in 2023–2024, we estimate an annual return of 21.3–21.7 per cent. Above-average profitability in the 2000s and following the introduction of a preferential VAT rate on housing was reflected in a significant increase in the number of housing construction permits issued to developers. The favourable returns on construction projects started between 2015 and 2019 were also reflected in the rising number of homes completed by developers a few years later. However, even the highest number of construction projects in recent years, 6,300 homes completed by companies in Budapest in 2021, represented only 0.7 per cent of Budapest's housing stock (the average for the past ten years is 0.44 per cent).

The rate of return on housing developments, number of construction permits and number of apartments built by businesses in Budapest

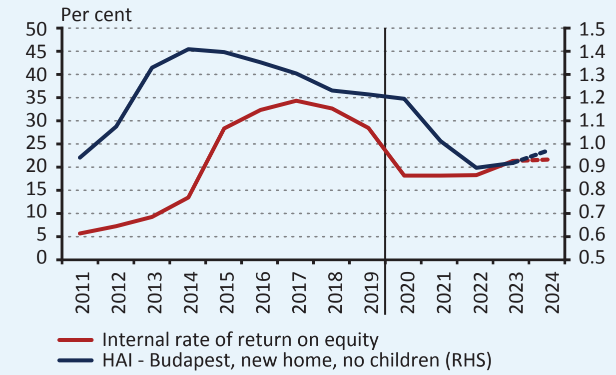


Note: By year of construction start. The vertical line indicates the break in the construction cost time series resulting from more modern housing quality.

Source: MNB, HCSO

Improving returns in the past two years have been accompanied by unfavourable affordability, resulting in weak demand for housing. In our analysis, we assumed over the entire time horizon that the developer would be able to sell all apartments during the construction period without reducing prices, but this is not always possible due to a lack of sufficient demand. The HAI, or Housing Affordability Index, calculated without subsidies, has been below 1 for new homes in Budapest since 2022, meaning that a typical household with two average incomes in Budapest cannot purchase a new 45-square-metre home with a market loan without excessive financial strain. Weak demand for housing due to unfavourable affordability may discourage developers from increasing construction volume, as this would result in lower rates of return due to longer sales periods (and cost-side pressures).

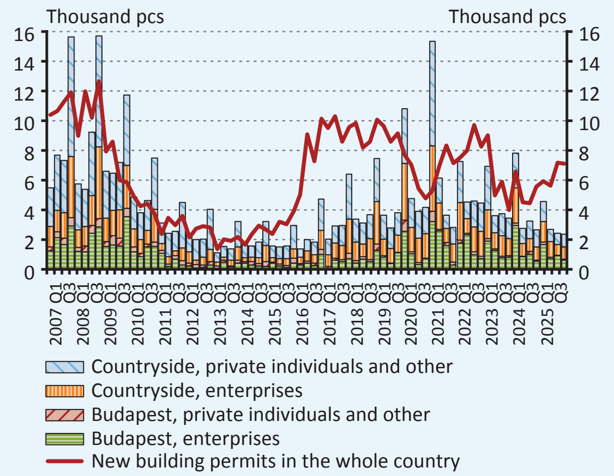
Rate of return on housing developments and the Housing Affordability Index (HAI) of new housing in Budapest



Note: By year of construction start. The vertical line indicates the break in the construction cost time series resulting from more modern housing quality. Average HAI for 2.5 years of sales duration.

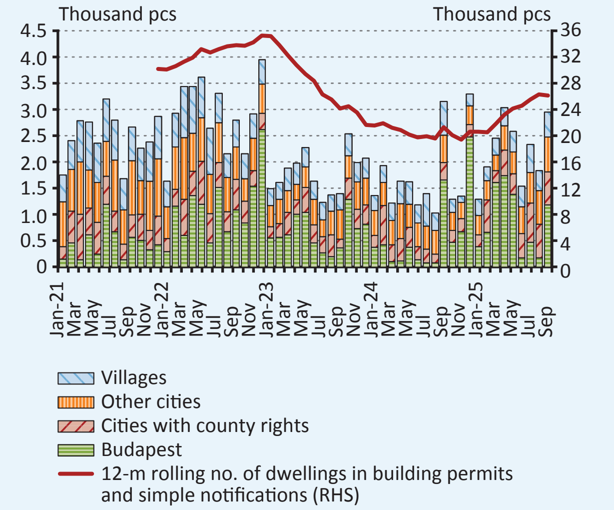
Source: MNB, HCSO

Chart 27
Distribution of new completions by location and developer



Source: HCSO

Chart 28
Number of dwellings in building permits issued and simple notifications



Source: HCSO

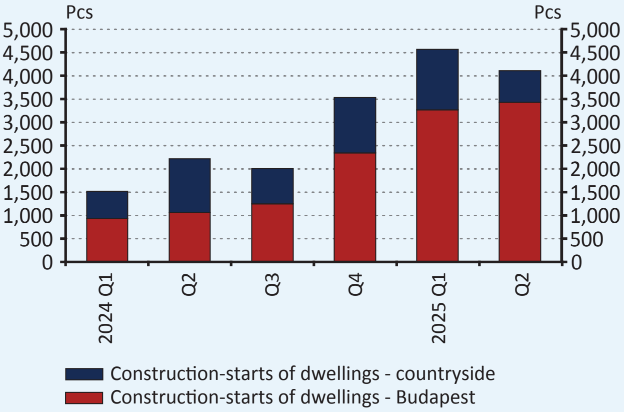
4.2 LOW AMOUNT OF HOMES WILL BE COMPLETED IN 2025, BUT THE NUMBER OF CONSTRUCTION STARTS IS ALREADY RISING

In 2025 Q1–Q3, the number of homes completed fell by 14 per cent nationally and by 9 per cent in Budapest compared to the same period in 2024. In 2025 Q1–Q3, 7,500 new residential properties were issued occupancy permits in Hungary, 14 per cent less than in the same period of the previous year; the last time fewer homes were completed was in 2016 (Chart 27). The number of residential properties commissioned by natural persons (mainly detached houses) fell by 28 per cent year-on-year in the first nine months of 2025. In the case of commercial home construction, the number of homes completed in Budapest fell by 7 per cent, while in rural areas, it stagnated in the first three quarters compared to the same period last year.

In 2025 Q1–Q3, 37 per cent more homes were issued building permits than in the same period of the previous year, with the number of permits increasing the most in Budapest. The 12-month rolling number of building permits and simple home construction notifications issued in Hungary has been rising since November 2024 (Chart 28). In 2025 Q1–Q3, building permits were issued for approximately 20,000 homes, which was 37 per cent higher than in the same period of 2024. The largest increase, 131 per cent, was observed in Budapest during the same period, but the number of building permits issued in cities with county rights also increased by 43 per cent, mainly for condominium construction. The exceptional Q2 data may have been caused by the fact that stricter building regulations (TÉKA)[8] are applicable to building permit and simple notification procedures from 1 July 2025: thus, developers may have brought forward the licensing of certain projects before the new regulations came into force. The high number of permits for homes issued in the third quarter may also have been influenced by measures to stimulate the number of new homes for sale linked to the Home Start Programme launched on 1 September.

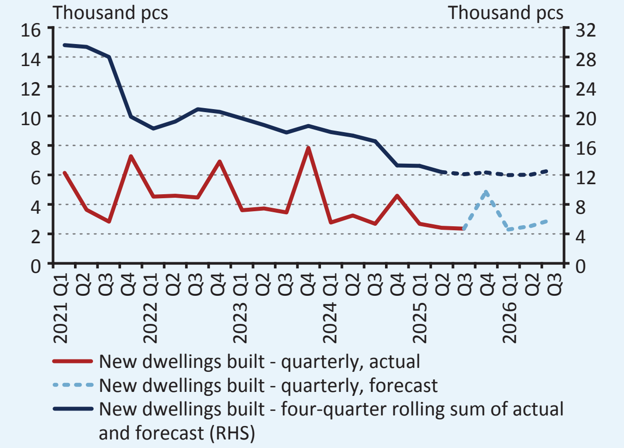
[8] Government Decree No. 280/2024 (IX. 30.) on the basic regulations for urban planning and construction requirements.

Chart 29
Number of housing constructions started in multi-apartment projects and building permits issued



Note: Building permits also include single-family houses.
Source: iBuild, HCSO

Chart 30
Forecast for the number of dwellings receiving occupancy permits



Source: HCSO, MNB

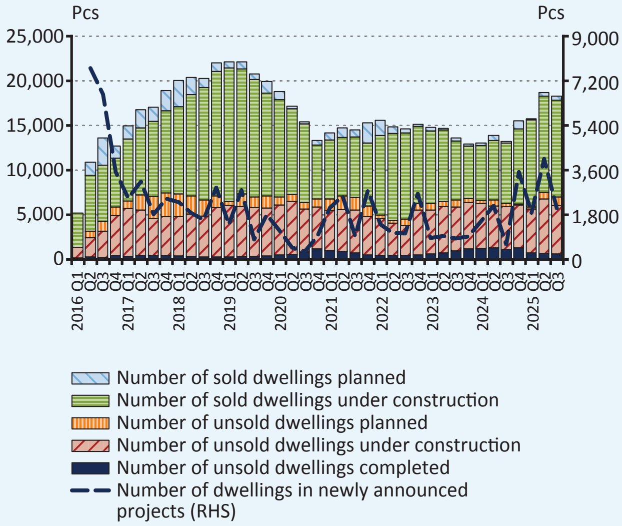
In 2025 H1, the number of condominium construction projects commenced more than tripled in Budapest. In 2025 H1, the number of homes started in multi-unit construction projects increased significantly, with approximately 8,700 homes under construction nationwide (Chart 29). In the first half of the year, 133 per cent more homes were started in multi-unit buildings nationwide than in the same period of the previous year, with the number of homes increasing by 238 per cent in Budapest and 13 per cent outside Budapest. The number of homes in condominium buildings under construction in Budapest has risen significantly since 2024 Q4, with the number of construction starts rising from 900–1,200 apartments per quarter to 2,300–3,400 apartments.

The number of newly completed homes will remain low in the coming year. Based on our short-term forecast, 12,400 homes are expected to be completed in 2025, representing a year-on-year decline of 7 per cent (Chart 30). No increase in the number of new homes is expected in 2026 Q1–Q3, and the impact of rising construction starts will only be reflected in the number of homes completed only after that, due to construction time. In the longer term, from 2027 at the earliest, the number of completed homes may be boosted by the government declaring real estate developments involving the construction of at least 250 homes to be priority investments, and also at least 70 per cent of the completed homes meet the criteria of the Home Start Programme (maximum price per square metre of HUF 1.5 million and maximum purchase price of HUF 100 million).

4.3 SIGNIFICANTLY INCREASING SALES HAVE LED TO AN EXPANSION IN THE SUPPLY OF NEW HOMES FOR SALE IN BUDAPEST

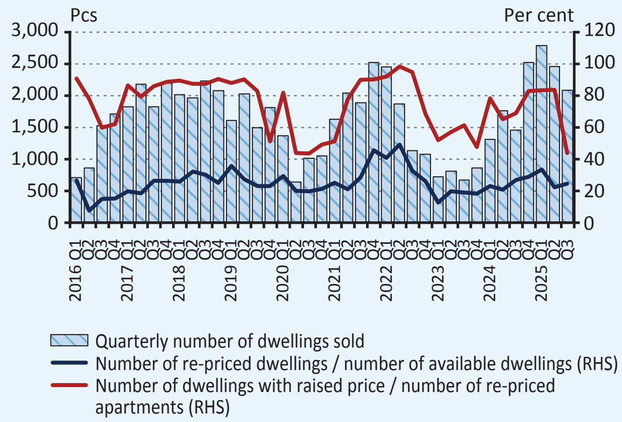
In 2025, developers responded to the increased demand by advertising a significant number of new homes. In 2025 Q3, the development and sale of 17,700 homes was underway in Budapest, representing a 47-per-cent year-on-year increase. Having sold a record number of more than 4,000 homes in the second quarter, developers began selling a relatively high number of new homes (2,043) in 2025 Q3, in response to the increased demand. As a result, the number of new homes still available for purchase reached 6,929 in September 2025, following an 11-per-cent annual increase (Chart 31). The homes newly put up for sale in the third quarter were linked to a total of 36 projects, and 29 per cent of these homes met the price conditions of

Chart 31
Availability of homes in new projects under development and sale in Budapest and number of new announcements of dwellings



Note: Based on projects for at least four new dwellings in Budapest.
Source: ELTINGA – Budapest Housing Market Report

Chart 32
Number of new homes sold in Budapest and ratio of repricing within advertised new homes



Note: Based on projects for at least four new dwellings in Budapest.
Source: ELTINGA – Budapest Housing Market Report

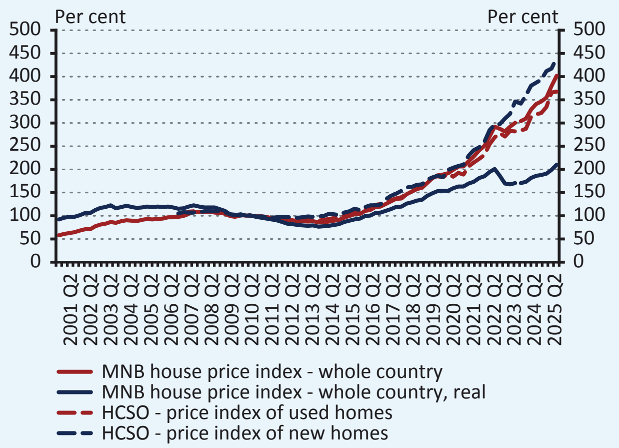
the Home Start Programme, which is a moderately higher proportion than the overall supply in Budapest. In rural areas, 1,597 homes were newly placed on the market in 2025 Q2 and Q3, bringing the total number of new homes under development and for sale in rural areas to 11,200 in September 2025, following a 20-per-cent annual increase (Annex, Chart 16).

Overall, new homes in Budapest continued to become more expensive, but there were also a large number of price reductions in 2025 Q3. In 2025 Q3, 2,080 newly built flats were sold in Budapest (preliminary and final contracts combined), representing a 44-per-cent increase in turnover compared to the previous year (Chart 32). In the examined quarter, 24 per cent of available homes were repriced, where a larger share (56 per cent) saw price reductions, compared to the price increases seen in 70–80 per cent of homes in previous quarters. The announcement of the Home Start Programme may have played a small role in the decline in prices, with less than 1 per cent of the available supply adjusting the price or square metre price of the apartment to the Home Start price limits. Most of the price reductions may have helped to achieve sales targets. Due to the high advertising prices of new homes entering the market, the average price per square metre of new homes in Budapest rose to HUF 1.77 million by 2025 Q3, which is still high, representing 15-per-cent annual price growth, but at the same time, the average price per square metre stagnated on a quarterly basis. Only 17 per cent of the current new homes for sale in Budapest meets the conditions of the Home Start loan, while 57 per cent of available new homes in rural areas meet these conditions.

5 Charts in the Annex

1 HOUSING MARKET DEMAND AND HOUSE PRICES

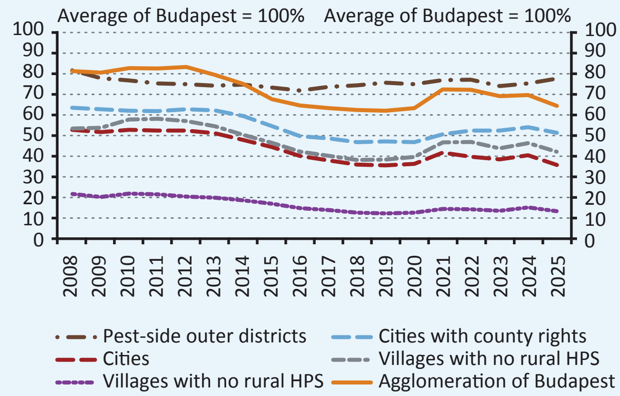
Chart 1
Nominal and real MNB house price index and the HCSO house price indices (2010 = 100 per cent)



Note: Real price index deflated by the consumer price index.

Source: MNB, HCSO

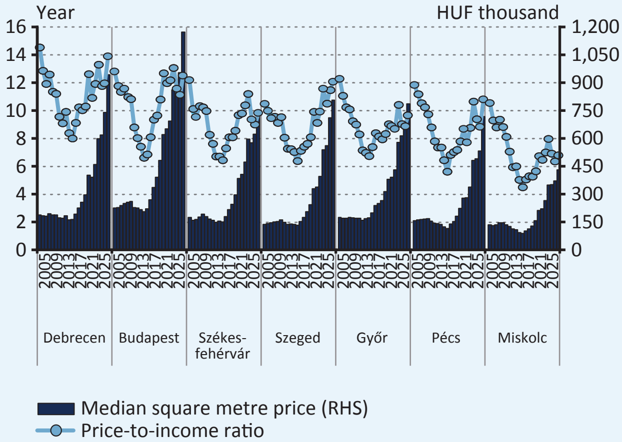
Chart 2
Average square metre price by type of settlement



Note: Pest-side outer districts: IV, XV, XVI, XVII, XVIII, XXI, XXIII.

Source: NTCA, MNB

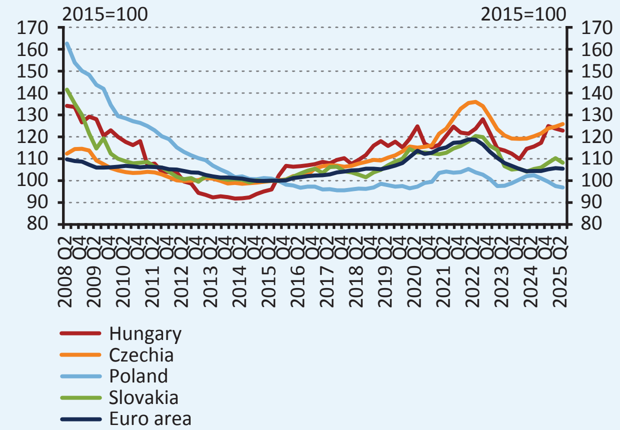
Chart 3
Price-to-income ratio in Hungary's regional centres



Note: The price-to-income ratio is the ratio between the Q2 price of a 75-square metre median real property (new and used total) and average Q2 net income of the households. Average incomes are county-level data.

Source: HCSO, MNB

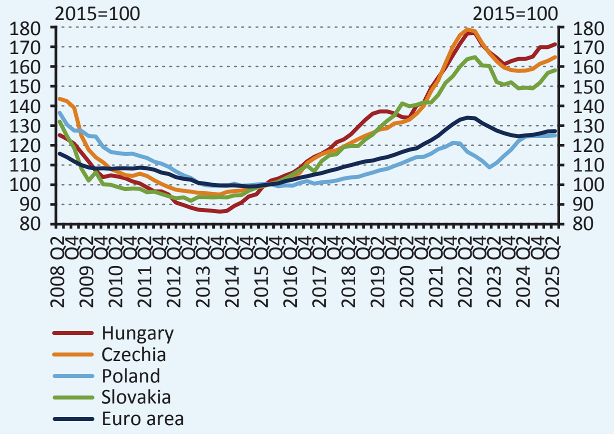
Chart 4
Development of the price-to-income ratio in the V4 countries and the eurozone



Note: Seasonally adjusted data.

Source: OECD

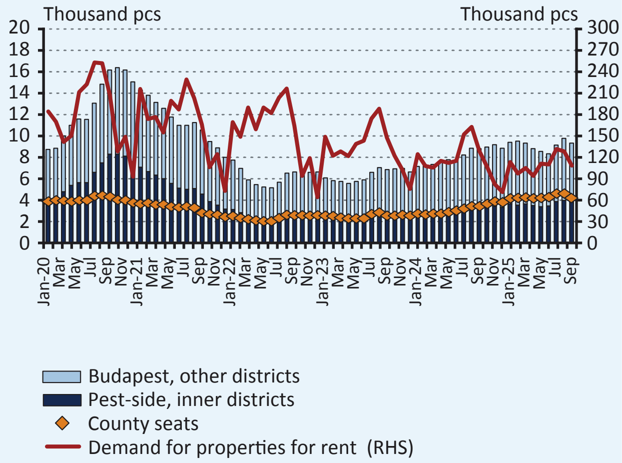
Chart 5
Development of the price-to-rent ratio in the V4 countries and the eurozone



Note: Seasonally adjusted data.

Source: OECD

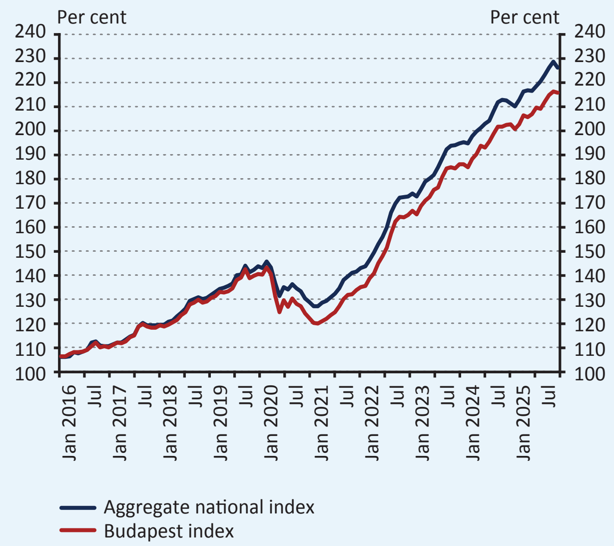
Chart 6
Supply of residential properties to let at ingatlan.com on the last day of the given month and demand for properties for rent in that month



Note: Demand: number of telephone number disclosures and phone calls initiated from mobile application on the ingatlan.com advertising site. Pest-side, inner districts: V, VI, VII, VIII, IX.

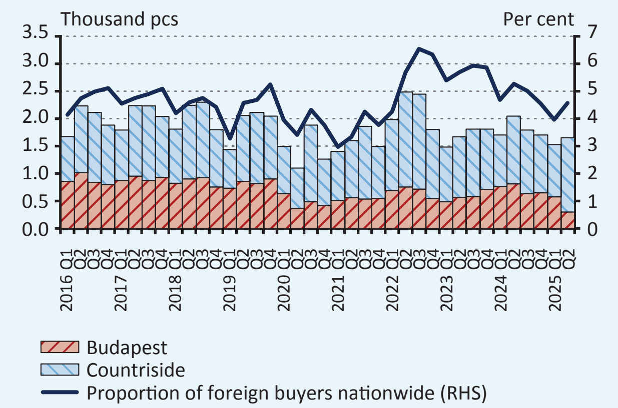
Source: ingatlan.com

Chart 7
Rent indices based on flats to rent advertised on ingatlan.com (2015 = 100 per cent)



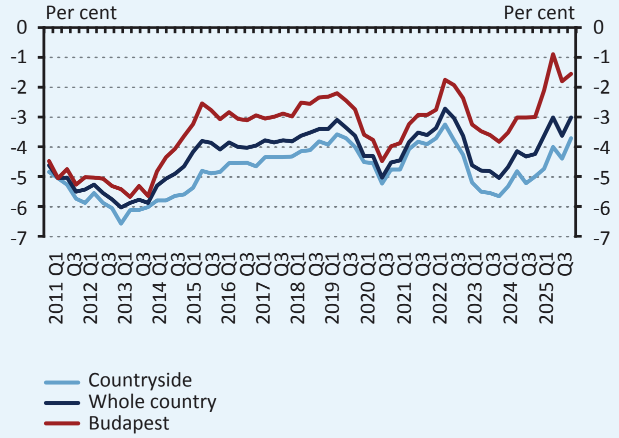
Source: ingatlan.com, HCSO

Chart 8
Ratio and estimated number of foreign buyers' transactions in the housing market



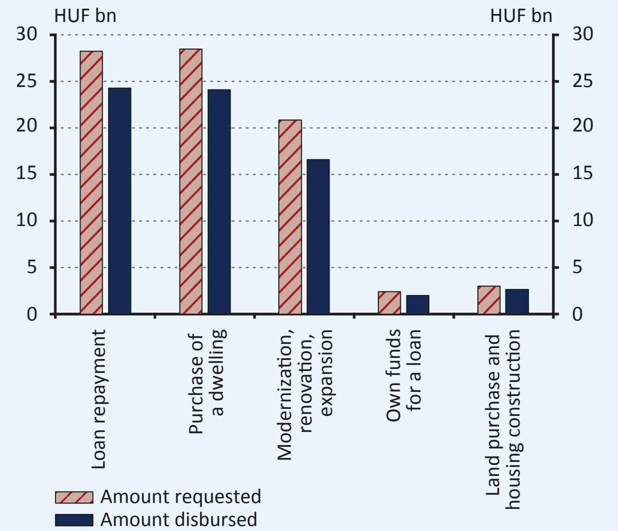
Source: NTCA, MNB

Chart 9
Median deviation of transaction price from last advertised price



Source: Housing agent database

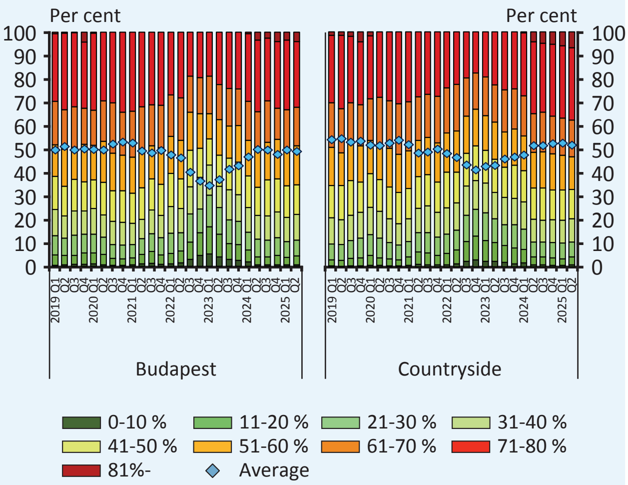
Chart 10
Amount requested and allocated for the use of voluntary pension fund savings for real estate purposes by the end of August 2025



Source: MNB

2 HOUSING LOANS AND FAMILY HOUSING SUBSIDIES

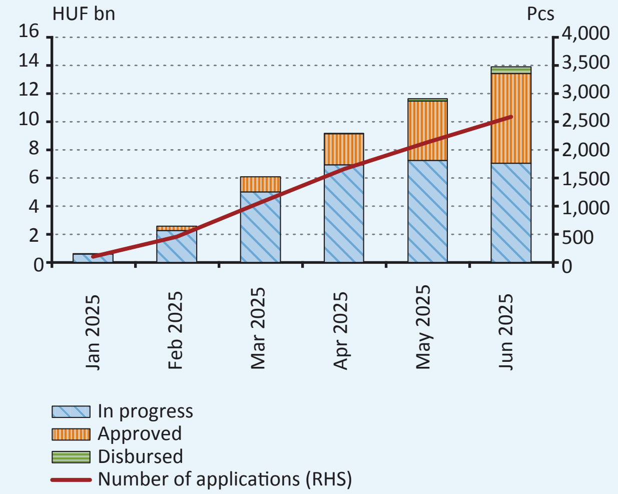
Chart 11
Distribution of new housing loan disbursement by LTV



Note: Volume-based distribution.

Source: MNB

Chart 12
Cumulative number and volume of applications submitted under the Home Renovation Loan Programme

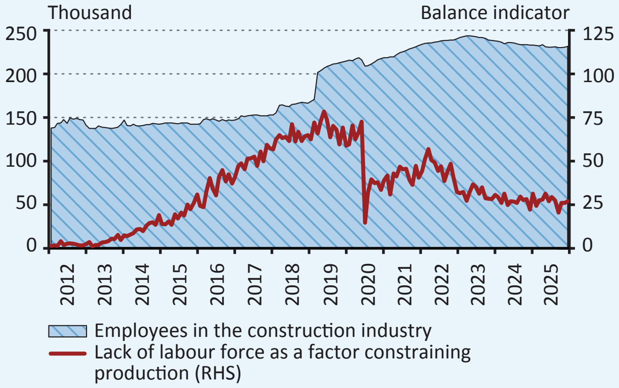


Note: Only includes data from the KEHOP home renovation programme available from 2025.

Source: Ministry of National Economy

3 SUPPLY OF NEW HOMES

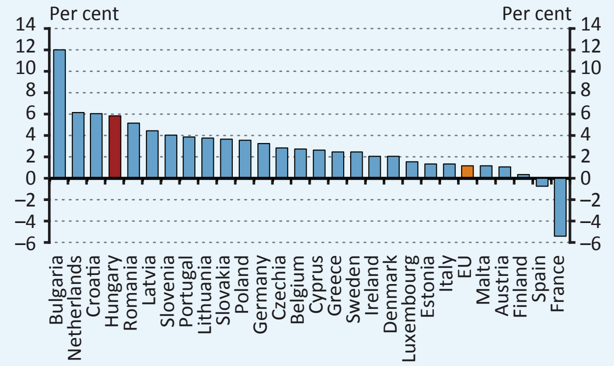
Chart 13
Number of employees in the construction industry



Note: Number of persons employed for at least 60 hours, based on insti-tutional labour statistics. Seasonally adjusted data. The data series runs until August 2025.

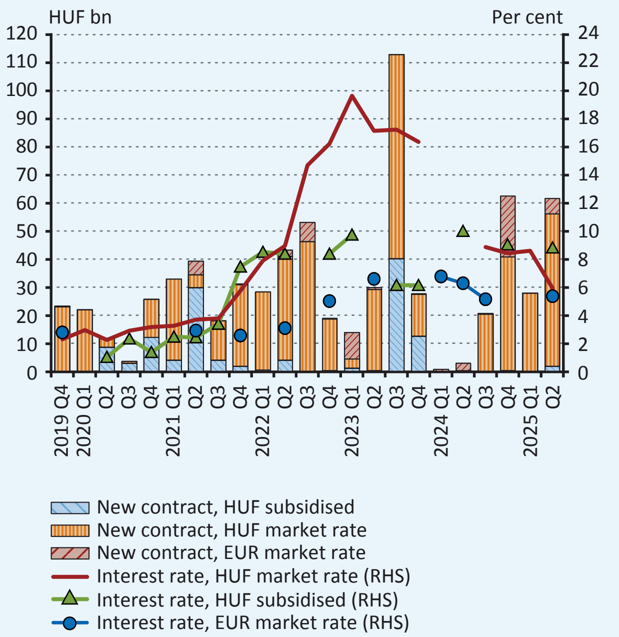
Source: HCSO, European Commission, MNB

Chart 14
Annual change in home construction costs in EU countries in 2025 Q2



Source: Eurostat

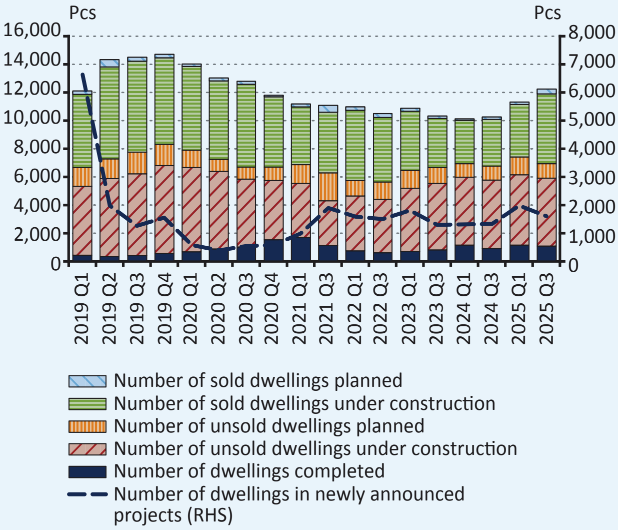
Chart 15
Housing project loan contracts of credit institutions and average transaction interest rates on new housing project loans



Note: Average interest rate weighted by contractual amount. Subsidised housing estate project loans belong to the following schemes: Funding for Growth Scheme, Széchenyi Investment Loan (Plusz, Go!, Max), Baross Gábor Programme. For the periods for which the average interest rate is not shown in the figure, no new credit agreements with interest data were included in the data provision.

Source: MNB

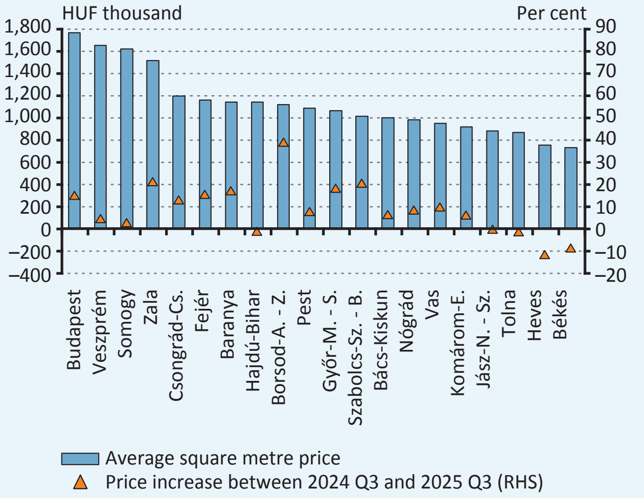
Chart 16
Number of dwellings in new condominium projects for sale in rural areas



Note: Based on condominium developments with at least ten dwellings.

Source: ELTINGA – Countryside Housing Market Report

Chart 17
Development of the average square metre price of new dwellings in 2025 Q3



Note: Based on condominium developments with at least ten dwellings in rural areas and at least four dwellings in Budapest.

Source: ELTINGA – Budapest Housing Market Report, Countryside Housing Market Report

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