



# HOUSING MARKET REPORT



2026  
MAY





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## Housing Market Report

(May 2026)

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The publication was approved by Zoltán Kurali Deputy Governor

Published by the Magyar Nemzeti Bank

Publisher in charge: Milán Farkas

H-1054 Budapest, Szabadság tér 8–9.

[www.mnb.hu](http://www.mnb.hu)

ISSN 2498-6712 (on-line)

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*The housing market is of key importance both for economic operators (households, financial institutions) and for the broader national economy. Housing market developments are not only closely linked to the stability of the financial intermediary system, but also fundamentally determine short- and long-term economic growth prospects. 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 savings and consumption decisions of households through their effect on their financial situation, while also impacting the portfolios, profitability and lending activity of financial institutions via the collateral of mortgage loans.*

*The ‘Housing Market Report’ aims to provide a comprehensive overview of current trends in the Hungarian housing market, identifying and describing the macroeconomic developments that influence the demand and supply sides of this market. Every six months, the Magyar Nemzeti Bank presents the relevant trends 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 evolution of property market supply has a direct impact on economic growth, and oversupply and inadequate supply can both have serious consequences for the stability of the financial intermediary system. 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 credit supply. The interconnection between the housing mortgage loan market and house prices demands special attention, as a self-reinforcing interaction can develop between changes in bank lending and house prices throughout business cycles.*

*Using complex, multifaceted data sets, 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 set of information used by the publication includes the following:*

- *Our analysis of current trends in the housing market relies primarily on information supplied by the Hungarian 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 newly built and pre-owned segments of the housing market. Data on the regional heterogeneity of the housing market are also used.*
- *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<sup>1</sup> on qualitative features in lending processes.*
- *The analysis of the supply of new homes is based primarily on data from the Hungarian Central Statistical Office relating to home construction and issued building permits; in addition, we also use databases from market participants on the stock of new condominium flats under construction and for sale.*

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<sup>1</sup> Magyar Nemzeti Bank, Lending Survey: <https://www.mnb.hu/en/financial-stability/publications/lending-survey>



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# 1 Executive Summary

*The annual nominal growth rate of house prices reached 23.5 per cent nationwide in 2025, with house prices consequently rising by 19.0 per cent in real terms, marking the highest real house price appreciation in the past 25 years. Due to the dynamic increase in prices, house prices nationwide exceeded the level justified by fundamentals by 22.5 per cent in 2025 Q4, representing an increase of 8.8 percentage points compared to the same period of the previous year.*

*In 2025, private individuals conducted an estimated 152,000 housing market transactions, up 3 per cent on 2024. The number of transactions, however, declined by 18 per cent year on year in 2026 Q1. The launch of the Home Start Programme (HSP) in September of last year reshaped the composition of housing market turnover: in Budapest, the share of first-time home buyers increased from 25 per cent to 40 per cent in one year, while fewer purchases were made for investment purposes following the launch of the HSP, and investors became predominant on the seller side of the market. Following the increase in turnover observed with the launch of the HSP, buyers for investment purposes became more cautious due to low rental yields and rising overvaluation.*

*In 2025 Q4, the volume of housing loan contracts concluded increased by 130 per cent year on year. This strong growth was driven by the impact of the Home Start Programme, as a result of which the share of subsidised loans within housing loans rose from 23 per cent to 81 per cent by 2026 Q1. Due to the strong uptake of the Home Start Programme, the share of home purchases financed with loans increased to a historically high level of above 60 per cent in 2026 Q1, up from 36 per cent in the period preceding the programme's introduction. 90 per cent of Home Start loans finance the purchase of pre-owned homes, and households have taken out an average loan amount of HUF 35 million under the programme. By March 2026, a total of 33,200 loan contracts had been concluded under the Home Start Programme by banks, amounting to approximately HUF 1,161 billion. Launched in September 2025, the programme materially improved home affordability for eligible applicants; at the same time, it also contributed to the increase in house prices.*

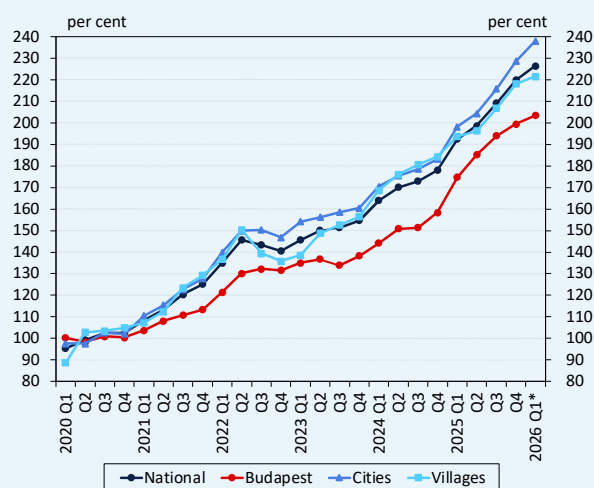
*In 2025, 12,000 newly built residential properties were issued occupancy permits in Hungary, down 8 per cent on 2024; the last time fewer homes were completed was in 2016. At the same time, the 37-per-cent increase in building permits issued nationwide in 2025 may result in a significant expansion of supply in the coming years, primarily in Budapest and in cities with county rights. In 2026 Q1, the number of newly completed homes grew 4 per cent year on year, while the number of building permits issued rose by 64 per cent. Based on our short-term forecast, 15,700 homes are expected to be completed in 2026, which would represent growth of 30 -per-cent year on year.*

*In 2026 Q1, the development and sale of 22,000 homes was underway in Budapest, representing a 46-per-cent increase year on year and the highest level of supply in the past ten years. As a result, following a 63-per-cent year-on-year increase, the number of new homes still available for purchase rose to a historical peak of 9,490 units by March 2026, indicating a substantial expansion of supply relative to demand. On the new housing market, supply may increase significantly due to priority projects linked to the Home Start Programme; however, a large number of these developments have not yet commenced. Of the 31 designated priority residential property investment projects identified by mid-April, 22 of which are in Budapest, a total of four HSP priority projects were on sale at the end of the first quarter, comprising approximately 1,200 homes. In the capital's supply of new homes, the share of homes eligible for the Home Start Programme has been steadily declining due to continued price increases for new homes, with average prices reaching HUF 1.85 million per square metre by the end of March.*

## 2 Housing market demand and house prices

In 2025, house prices increased by 23.5 per cent in nominal terms and 19.0 per cent in real terms, representing the highest real house price growth in the last 25 years. The rapid price growth led to a significant increase in overvaluation, which reached 22.5 per cent on average nationwide. The pick-up in housing market turnover proved to be temporary in conjunction with the ramp-up of the Home Start Programme (HSP), as the number of transactions and level of demand already declined on an annual basis in 2026 Q1, possibly driven in part by the fact that buyers for investment purposes became more cautious due to low rental yields and rising overvaluation. The HSP reshaped the composition of housing market turnover, resulting in a higher share of first-time home buyers than previously, while investors became predominant on the selling side of the market.

**Chart 1**  
Nominal MNB house price index by settlement type  
(2020 = 100 per cent)



Note: \*Based on preliminary data for 2026 Q1.

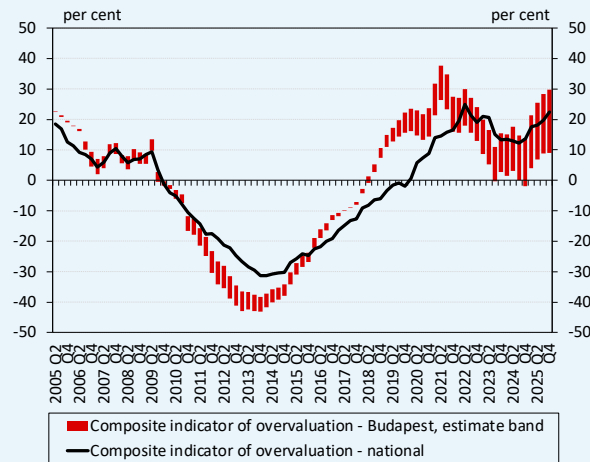
Source: MNB, NTCA, B400

### 2.1 HOUSE PRICE GROWTH WAS ALSO OUTSTANDING IN REAL TERMS IN 2025

**House price dynamics accelerated further in 2025 H2, but moderated at the beginning of 2026.** In 2025 Q3, when the HSP had only partially taken effect, house prices increased by 5.3 per cent on a national average, followed by a further 5.1-per-cent rise in the fourth quarter. As a result, the annual nominal growth rate of house prices accelerated to 21.0 per cent and subsequently to 23.5 per cent. In real terms, an annual increase of 19.0 per cent was observed in 2025, representing the highest real house price change in the last 25 years. In Budapest, the annual growth rate of nominal house prices eased from 28.2 per cent to 26.0 per cent between the third and fourth quarters, while it increased from 20.8 per cent to 24.8 per cent in rural towns and from 14.5 per cent to 18.3 per cent in villages (Chart 1). Based on the indices published by the Hungarian Central Statistical Office (HCSO), the significant price increase primarily affected pre-owned homes, while prices of new homes rose by just 7.4 per cent last year (Annex, Chart 1).<sup>2</sup> Based on preliminary data, house prices continued to rise at a more moderate pace across all settlement types in 2026 Q1, with annual nominal dynamics potentially slowing to 17.7 per cent on average nationwide.

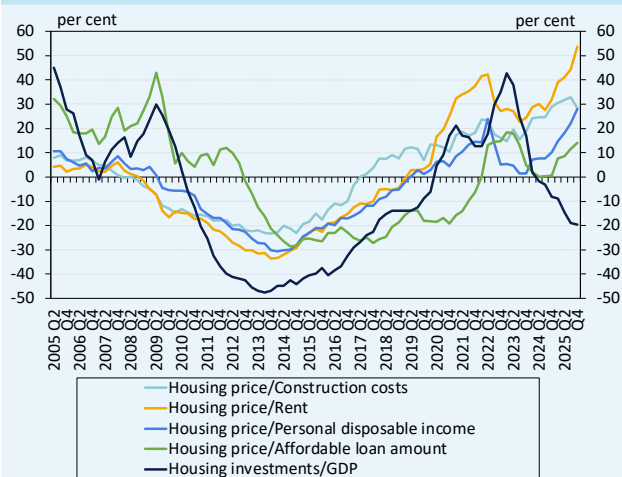
<sup>2</sup> Charts belong to Annex can be found in excel chart set.

**Chart 2**  
Deviation of house prices from estimated level justified by fundamentals, nationwide and in Budapest<sup>3</sup>



Source: MNB

**Chart 3**  
Sub-indicators of the composite indicator



Note: Deviations from long-term averages.

Source: MNB, HCSO, Eurostat

**Housing market overvaluation increased significantly in 2025.** According to our composite indicator, the estimated deviation of house prices from the level justified by fundamentals reached 22.5 per cent nationwide in 2025 Q4, representing an increase of 8.8 percentage points versus the same prior-year period (Chart 2). Our estimate for the housing market in Budapest also indicates a significant increase in overvaluation. In response to the banking risks arising from higher overvaluation, among other things, since 1 January 2026 the MNB has applied a 1-per-cent sectoral systemic risk buffer (SyRB) to exposures secured by mortgages on domestic residential properties (as well as on commercial properties),<sup>4</sup> thereby specifically enhancing banks' resilience against shocks.

**The more moderate dynamics of the prices of new homes, which lagged behind construction costs, partially offset the divergence of house prices from other fundamentals.** In 2025 Q4, compared to the same period of the previous year, rents increased by 6 per cent, while household disposable income rose by 7 per cent and the contract size affordable from average wages at market interest rates advanced by 9 per cent. These dynamics were significantly outpaced by the rate of house price growth, suggesting that the current level of housing market demand is not sustainable in the long run (Chart 3). The increasing divergence between house prices and the analysed demand-side fundamentals may have been partly driven by the fact that, since the introduction of the programme, the majority of loan-financed buyers have purchased homes using Home Start loans rather than market-rate loans – as Home Start loans<sup>5</sup> allow borrowers to obtain substantially larger loan amounts for the same monthly repayment instalment. From the investment side, however, the housing market did not yet show signs of overheatedness, and it also acted against a further increase in overvaluation that the prices of new homes rose more slowly than construction costs in 2025.

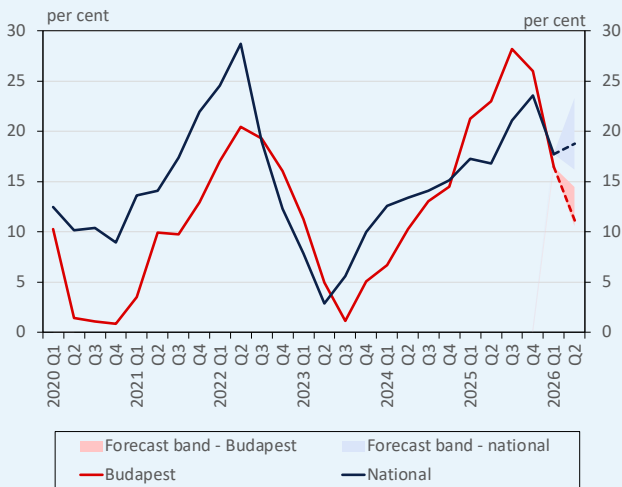
<sup>3</sup> We analyse the deviation of house prices from the level justified by fundamentals using a composite indicator. The sub-indicators of the composite indicator: house price/income, house price/rent, new house price/construction cost, house price/affordable contract size, housing investments/GDP. The composite indicator is the weighted average of the deviations of each sub-indicator from the long-term average. For detailed methodology, see: Lados, Csaba (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.

<sup>4</sup> [From 1 January 2026, the systemic risk buffer requirement aimed at addressing real estate market risks will take effect | MNB.hu](https://www.mnb.hu/en/press-releases/2025/11/01/from-1-january-2026-the-systemic-risk-buffer-requirement-aimed-at-addressing-real-estate-market-risks-will-take-effect)

<sup>5</sup> The Home Start Programme (since September 2025) is a state-subsidised housing loan with a fixed 3-per cent interest rate and a maximum loan amount of HUF 50 million, which can be accessed without a childbearing condition by applicants who have held no more than a 50-per cent ownership stake in a residential property in the past ten years, for the purpose of purchasing or constructing a dwelling.

**Chart 4**  
Forecast for the annual growth rate of nominal house prices



Note: The forecast bands represent the ranges between the 10<sup>th</sup> and 90<sup>th</sup> percentiles.

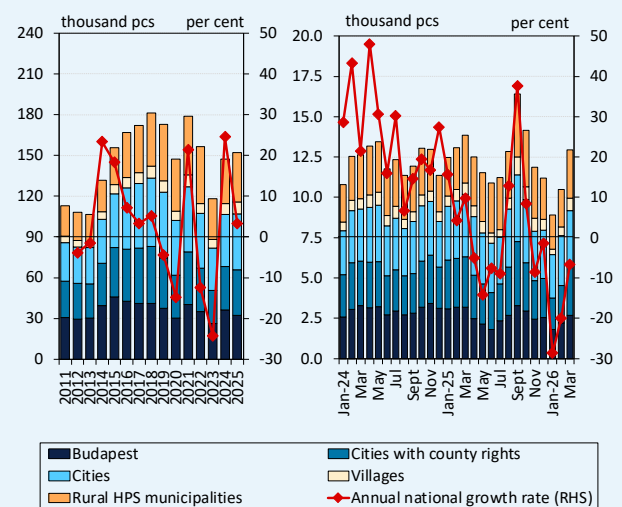
Source: MNB

In Budapest, annual house price dynamics may moderate further in the second quarter. Based on our median forecast,<sup>6</sup> quarterly house price growth of 4.5 per cent is expected on average nationwide in 2026 Q2, bringing the annual rate to 19.1 per cent (Chart 4). According to the median forecast, following a quarterly price increase of 1.0 per cent, annual house price growth in Budapest may fall to 10.9 per cent in the second quarter. However, the risks are not symmetric, as the upside risks to house price growth may be larger than the downside risks, in terms of deviations from the median forecast.

## 2.2 TIMING AND STRUCTURE OF HOUSING MARKET TURNOVER RESHAPED HOME START PROGRAMME

Expansion in housing market turnover in autumn 2025 was followed by a brief decline in early 2026. In 2025, private individuals conducted an estimated 152,000 housing market transactions, up 3 per cent on 2024 (Chart 5). However, in 2026 Q1, the number of transactions already dropped by 18 per cent versus the same prior-year period, with a similar 17-per-cent decrease in demand indicated by data from the real estate portal ingatlan.com. While a steep increase in turnover was observed in September and October after launch of the HSP, the number of transactions fell sharply in January and February 2026. This suggests that many buyers may have brought forward their purchases and that following the high turnover in preceding months, the remaining supply may have diverged from buyer preferences. The increase in turnover may also have been temporary, as buyers for investment purposes became more cautious due to low rental yields and rising overvaluation.

**Chart 5**  
Number of housing market transactions by settlement type

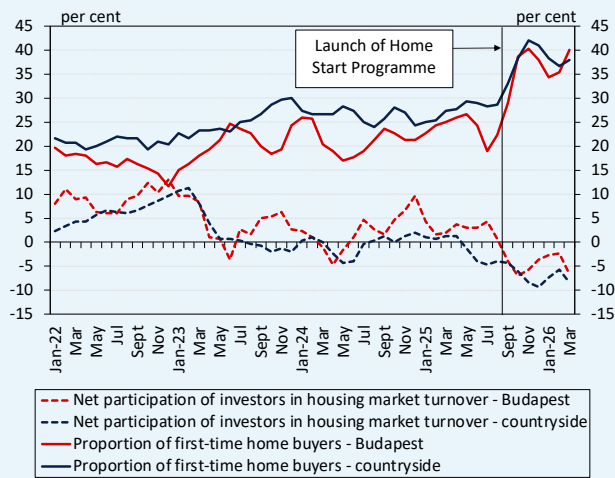


Note: Taking into account 50-per-cent and 100-per-cent ownership by private individuals. From July 2024 to June 2025, NTCA tax database data are adjusted based on estimates of the level of processing by settlement type. From July 2025, based on the transactions and estimated market share of real estate agents.

Source: NTCA, MNB, housing agent database

<sup>6</sup> Our forecasting model applies a MIDAS-type quantile regression with Almon lags, which combines the advantages of mixed-frequency models with the robustness of quantile regression and its ability to capture non-linear relationships. The model not only provides a forecast of the most likely house price path, but also quantifies plausible negative and positive outcomes from the lower and upper tails of the house price distribution. See: Szendrei, T., Bhattacharjee, A., & Schaffer, M. E. (2024). MIDAS-QR with 2-Dimensional Structure. arXiv preprint arXiv:2406.15157.

**Chart 6**  
Share of first-time home buyers and net participation of investors in housing market turnover

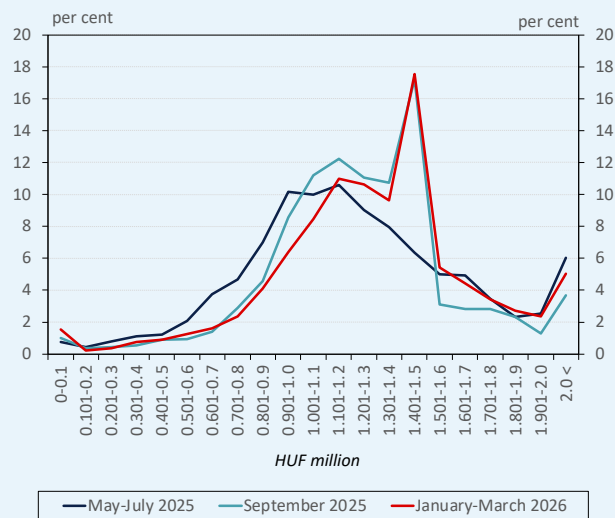


Note: 3-month smoothed ratios. Self-reported responses may be biased if respondents consider themselves first-time home buyers due to eligibility for the Home Start Programme, even if they are not in fact first-time home buyers.

Source: Duna House

The share of first-time home buyers increased significantly, while fewer purchases were made for investment purposes after the launch of the HSP. In 2026 Q1, first-time home buyers accounted for 40 per cent of home purchases in Budapest and 38 per cent in rural areas according to Duna House transaction data, representing a large increase compared to 25 per cent and 27 per cent, respectively, in the same period of the previous year. The share of first-time home buyers increased from September onwards, following introduction of the HSP (Chart 6). In parallel, the share of buyers for investment purposes began to decline, while among sellers the share of those selling previously acquired investment properties increased. The net participation of investors in the housing market (defined as the difference between the two aforementioned ratios) thus reached –7 percentage points in Budapest and –8 percentage points in rural areas on average over the first three months of 2026, indicating that investors were noticeably more present on the seller side of the market. Overall, launch of the HSP has substantially reshaped the composition of housing market transactions by motivation.

**Chart 7**  
Distribution of square metre prices for transactions in Budapest



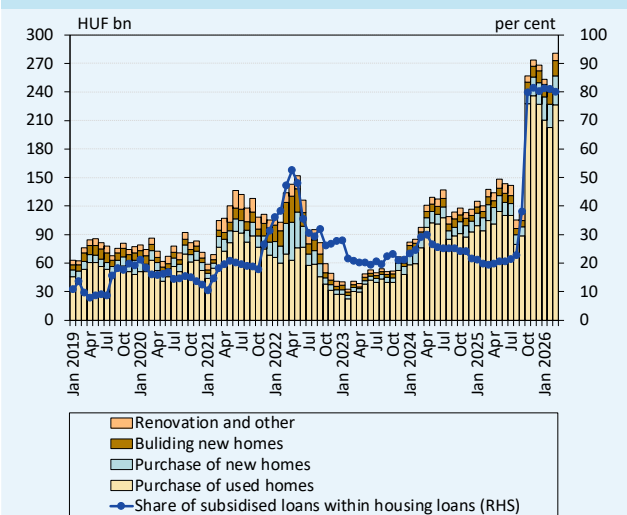
Source: NTCA, B400 data reporting

Nearly one-fifth of housing transactions in Budapest were priced at the Home Start Programme’s per-square-metre price cap. Since the launch of the HSP in September, the programme’s price cap of HUF 1.5 million per square metre has acted as an artificial threshold in the distribution of transaction prices per square metre in Budapest. Both in September and in 2026 Q1, 18 per cent of transactions in the capital fell into the HUF 1.4–1.5 million per square metre price range, compared to a 6-per-cent share observed in the period preceding announcement of the HSP (Chart 7). The artificial threshold did not, however, prevent a further rightward shift in the distribution within the price ranges around the cap: the share of transactions in the HUF 1–1.4 million per square metre range declined from 45 per cent in September to 40 per cent in the first quarter, while the share above HUF 1.5 million increased from 16 per cent to 23 per cent, in line with the rise in the house price index.

# 3 Housing loans and family housing subsidies

In 2025 Q4, the volume of housing loan contracts concluded rose by 130 per cent year on year. This significant expansion was primarily driven by the Home Start Programme (HSP), as a result of which the share of subsidised loans within housing loans increased from 23 per cent prior to the programme’s launch to 81 per cent by 2026 Q1. The HSP substantially improved affordability for eligible applicants, and due to its strong uptake, the share of homes purchased with the help of loans rose to a historically high level of more than 60 per cent by 2026 Q1.

**Chart 8**  
Disbursement of housing loans by purpose and share of subsidised loans

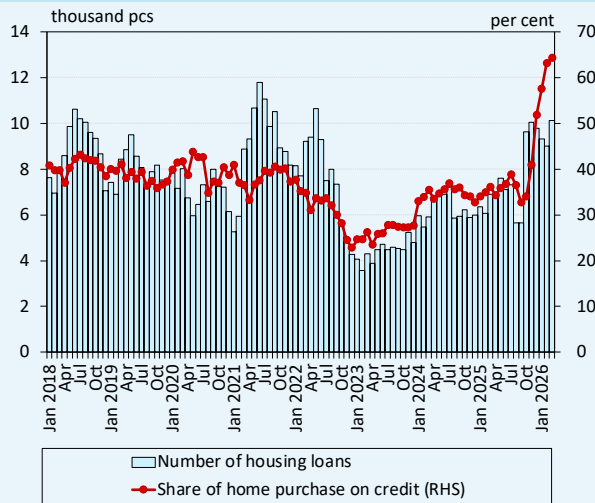


Source: MNB

## 3.1 HOME START PROGRAMME PROVIDES STRONG BOOST TO HOUSING AND MORTGAGE LOAN MARKET

**Due to the HSP, housing loan disbursements doubled year on year.** In 2025 Q4, the credit institution sector concluded housing loan contracts worth HUF 799 billion, representing a 130-per-cent year-on-year increase. Substantial growth also continued in 2026 Q1 (Chart 8). The significant expansion was driven by the ramp-up of HSP loans launched in September 2025, which have accounted for more than 70 per cent of monthly housing loan disbursements since their introduction. By March 2026, a total of 33,200 loan contracts had been concluded under the Home Start Programme by banks, amounting to approximately HUF 1,161 billion. 90 per cent of HSP loans were taken out for the purchase of pre-owned homes, while only 10 per cent financed the purchase or construction of new homes. By contrast, for market-based housing loans, these shares stood at 74 per cent and 17 per cent, respectively, during the same period. Within housing loans, the share of subsidised loans rose from 23 per cent prior to the HSP launch to 81 per cent by 2026 Q1, and in March, the HSP accounted for 72 per cent of housing loans.

**Chart 9**  
**Number of new housing loan contracts and share of loans used to purchase housing**

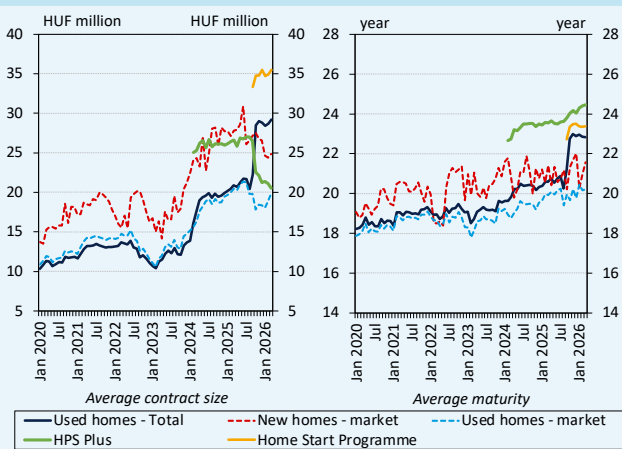


Note: The loan-to-transaction ratio is based on the rolling 3-month ratio of housing loan applicants in the given month and housing transactions completed in the previous month.

Source: MNB

Thanks to the Home Start Programme, the share of loan-financed home purchases rose to a record high level. In 2025 Q4, credit institutions concluded 29,000 housing loan contracts, which represents a more modest increase of around 63 per cent compared to the same period of the previous year, while the number of contracts signed in 2026 Q1 rose by 47 per cent. In July 2025, 7,000 contracts were concluded, as in previous months, whereas in August, due to the ‘wait-and-see’ attitude associated with Home Start, only 5,700 housing loan contracts were concluded. With the ramp-up of the programme, the number of contracts already reached 10,000 in November, and since then, a persistently high level of over 9,000 contracts per month has been observed (Chart 9). The share of homes purchased with the help of loans rose to a historically high level of above 60 per cent by 2026 Q1, compared to 35 per cent one year earlier.

**Chart 10**  
**Average contract size and maturity of new housing loans**

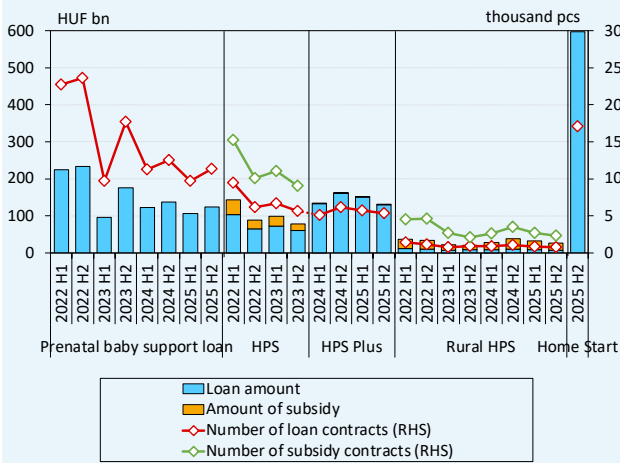


Note: Maturities are averages weighted by contract amount.

Source: MNB

The Home Start Programme, which provides access to large contract sizes, has dampened demand for both market-based and other subsidised housing loans. After announcement of the Home Start Programme and the resulting ‘wait-and-see’ attitude, the average contracted amount of market-based housing loans began to decline from June 2025 for loans taken out for the purchase of both used and new homes. In the case of the former, the average declined from HUF 21 million in June 2025 to HUF 20 million, while in the latter, it fell from HUF 31 million to HUF 25 million by March 2026 (Chart 10). Within the framework of the HSP, the HUF 50 million contract size available without a childbearing condition also reduced demand for HPS Plus loans, resulting in a decline in their average contract size from HUF 26 million to HUF 21 million by March 2026. Under the HSP, households applied for an average loan amount of HUF 35 million, with an average maturity of 23 years. In other words, the HSP had a significant crowding-out effect on other loan products.

**Chart 11**  
Number and amount of newly disbursed subsidised loans

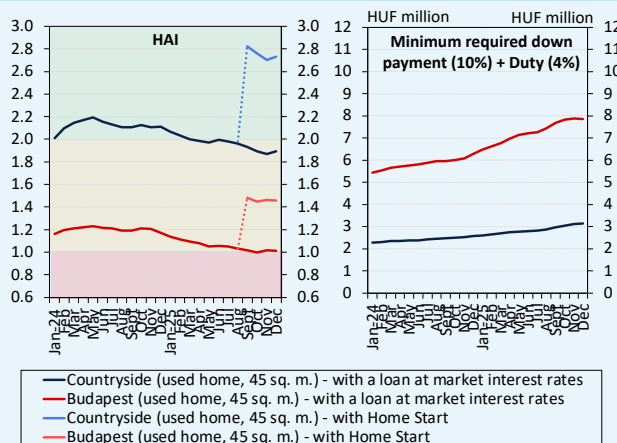


Note: Credit institution sector.

Source: MNB

**Due to the Home Start Programme, 80 per cent of housing loan disbursements are now interest-subsidised loans.** In 2025 H2, the contracted volumes for most state-subsidised loan schemes available to households declined versus the first half of the year. In the case of both the rural HPS and HPS Plus programmes, loan disbursements dropped by 14 per cent, while the number of contracts concluded fell 13 per cent and 6 per cent, respectively. Only prenatal baby support loan disbursements increased, rising by 17 per cent, but even in this scheme, a 9-per-cent year-on-year decline was observed (Chart 11). In 2025 H2, banks concluded 17,000 loan contracts under the Home Start Programme, amounting to approximately HUF 597 billion. As a result, the number of state-subsidised housing loan contracts within housing loans increased from 1,500 in June 2025 to more than 6,000 by the end of 2025. The role of the HSP in the housing market is presented in detail in Box 1.

**Chart 12**  
Housing Affordability Index (HAI) for first-time home buyers with the minimum required own contribution



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, 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, even two average salaries are not enough. Calculated with a 45-square metre home, average square metre prices and without entitlement to family benefits. LTV = 90%, PTI = 30%, maturity = 25 years.

Source: HCSO, MNB

**Despite increasing own contribution requirements, the affordability of housing for first-time home buyers improved in terms of income.** From September 2025, 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 even with an income approximately 30 per cent lower than that required for market-priced loans, thus significantly improving the affordability of house purchases for them (Chart 12). At the same time, the minimum required own funds for purchasing a first home with a loan – consisting of an own contribution requirement of up to 10 per cent of the house price and a 4-per-cent duty on the acquisition of property – has also increased significantly alongside rising house prices. To purchase an average 45-square-metre pre-owned home, a household buying a home for the first time needed at least HUF 3.14 million in own funds in rural areas in December 2025 (up HUF 570,000 year on year) and at least HUF 7.9 million in Budapest (up HUF 1.6 million year on year).

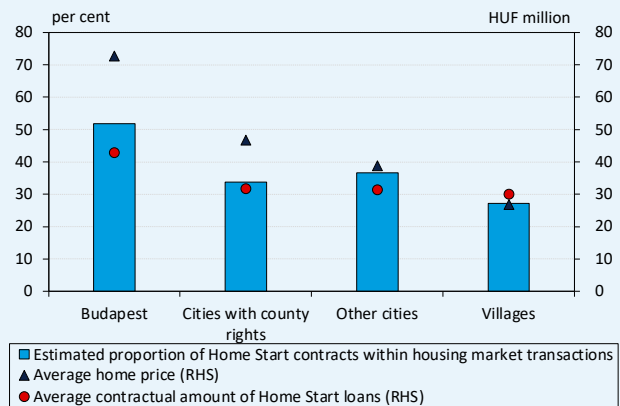
**Box 1****Role of Home Start loans in the housing market IN A REGIONAL breakdown**

Since the launch of the Home Start Programme in September 2025, the share of homes purchased using loans has risen to a very high level in Hungary. Over the 6-month period from September 2025 to February 2026, we estimate that one-half of domestic housing transactions were financed with loans, following a steadily increasing trend during the period observed, and that 36 per cent of home purchases involved the use of Home Start loans. By comparison, this latter share alone exceeds the 35-per-cent proportion of buyers using housing loans in 2024. This Box examines where the Home Start Programme has become most influential in financing housing market transactions from a regional perspective.

**The Home Start Programme was most frequently used in Budapest, while the average contract size also exceeded HUF 30 million in smaller settlements.**

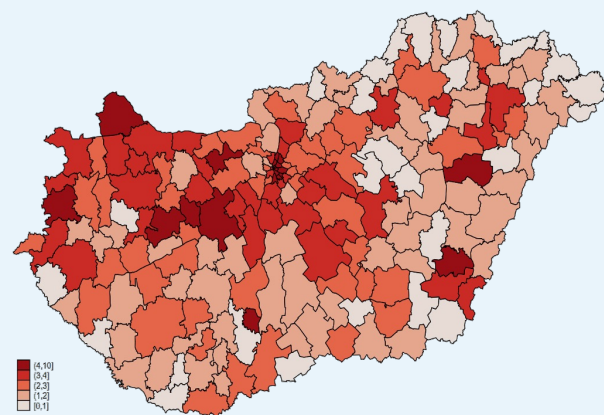
In the first six months following its launch, we estimate that the HSP financed 52 per cent of housing market transactions in Budapest, 34 per cent in cities with county rights, 37 per cent in other cities and 27 per cent in villages. Home Start credit penetration in Budapest is particularly high despite the fact that, due to the HSP's price and per-square-metre limits, only around three-quarters of transactions in Budapest initially met the eligibility criteria. In Budapest, the average contracted amount of Home Start loans reached HUF 43 million, which corresponds to nearly 60 per cent of the price of an average home in Budapest. In rural areas, the average Home Start contract size across settlement types ranged between HUF 30–32 million, corresponding to nearly 70 per cent of the average house price in cities with county rights, around 80 per cent in other cities, while in villages, the average contract size exceeded the average house price. However, the average loan-to-value ratio of Home Start contracts was around 71 per cent across all settlement types. This suggests that, within transactions in smaller settlements, Home Start loans were more likely used to finance the purchase of higher-value (better-quality and better-located) homes.

**The highest number of Home Start contracts relative to turnover was concluded in more expensive rural districts and in lower-priced districts of Budapest.** We mapped the number of Home Start loan contracts in the first six months relative to the resident population, by the district of the collateral property. In several districts on the Pest side of the capital, as well as in the Tolna district, there were five to ten Home Start contracts per 1,000 inhabitants. Similarly, a relatively high number of contracts – between four and five per 1,000 inhabitants – were concluded in

**The importance of Home Start in the housing market by settlement type**

Note: For transactions completed since September 2025.

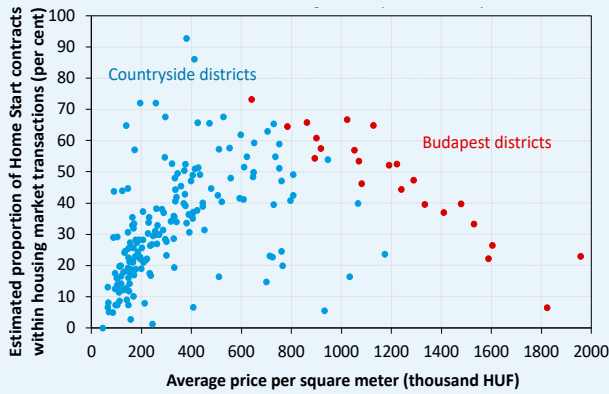
Source: MNB

**Home Start contracts per 1,000 inhabitant until February 2026**

Note: In proportion to the population on December 31, 2024.

Source: MNB, HCSO

**The relationship between average square meter prices and Home Start's estimated housing market penetration by district**



Source: MNB, B400

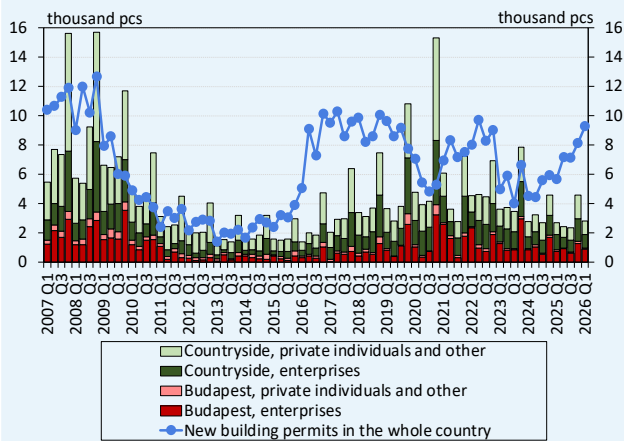
lower in more expensive districts. Overall, since the largest number of loans was also concentrated in more expensive areas requiring larger contract sizes, disbursed volumes were likewise strongly geographically concentrated.

the districts of certain county seats (Székesfehérvár, Veszprém, Tatabánya, Szombathely) as well as in several other rural districts (Mosonmagyaróvár, Várpalota, Hajdúszoboszló, Békés). A higher-than-national-average number of contracts per capita (2.9) was also observed in the districts of Pest County and in the north-western part of the country as well as in the districts of several additional county seats. In terms of turnover, we observed that the higher the average per-square-metre price in a given district, the larger the share of housing market transactions that were typically financed with Home Start loans during the examined period. This relationship is reversed in Budapest due to the programme's HUF 1.5 million per-square-metre price cap: Home Start credit penetration was highest in districts with lower average prices per square metre, while it tended to be progressively

# 4 Supply of new homes

In 2025, 12,000 newly built residential properties were issued occupancy permits in Hungary, down 8 per cent on 2024; the last time fewer homes were completed was in 2016. At the same time, the 37-per-cent increase in building permits issued nationwide in 2025 is expected to result in strong supply growth in the coming years, primarily in Budapest and in cities with county rights. In 2026 Q1, the number of homes under development and for sale in Budapest rose by 46 per cent year on year, resulting in the highest level of supply in the past ten years. On the new housing market, supply may increase significantly due to priority projects linked to the Home Start Programme, but many of these developments have not yet commenced.

**Chart 13**  
Distribution of new completions by location and developer

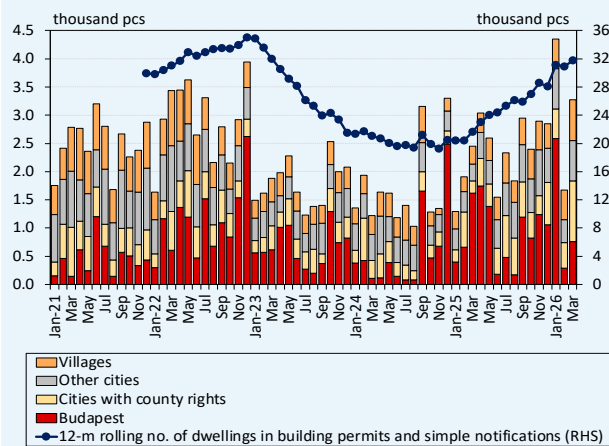


Source: HCSO

## 4.1 NUMBER OF NEWLY COMPLETED HOMES MAY RISE 30 PER CENT IN 2026, AFTER LOW COMPLETIONS IN 2025

In 2025, the number of new homes completed decreased by 8 per cent nationwide and by 12 per cent in Budapest compared to 2024. In 2025, 12,000 newly built residential properties were issued occupancy permits in Hungary, down 8 per cent on 2024; the last time fewer homes were completed was in 2016 (Chart 13). The number of residential properties commissioned by natural persons (mainly detached houses) fell 13 per cent year on year. In the case of commercial home construction, the number of homes completed in Budapest fell 14 per cent in 2025, while in rural areas, it rose by 4 per cent year on year. In 2026 Q1, 2,800 new homes were completed in Hungary, up 4 per cent on the same prior-year period.

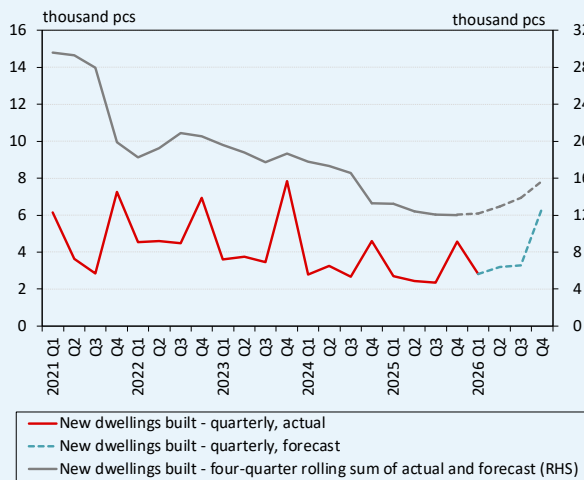
**Chart 14**  
Number of dwellings in building permits issued and simple notifications



Source: HCSO

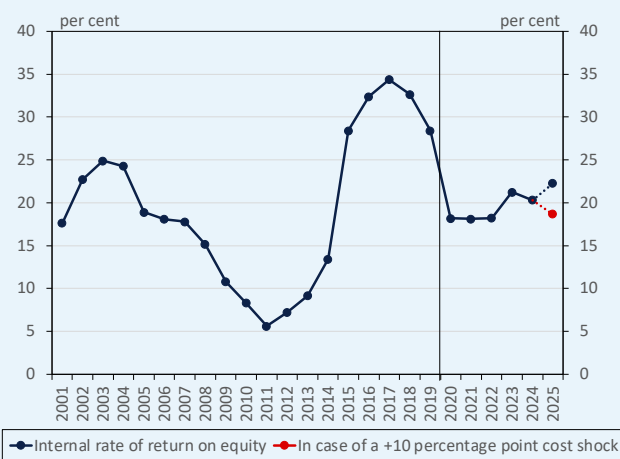
In 2025, 37 per cent more dwellings received building permits than in 2024, with the number of permits issued increasing most significantly in large cities. The 12-month rolling number of building permits and simple home construction notifications issued in Hungary has been rising since the end of 2024 (Chart 14). In 2025, building permits were issued for 28,000 homes, up 37 per cent compared to 2024. The largest increase was observed in cities with county rights and in Budapest, both recording growth of 56 per cent, while the number of dwellings covered by issued building permits also increased in other cities (+18 per cent) and in villages (+13 per cent). The number of permits issued for dwellings in multiple-home buildings increased by 48 per cent nationwide in 2025 compared to the previous year, rising by 74 per cent in cities with county rights, 57 per cent in Budapest, 24 per cent in other cities and 4 per cent in villages. The surge in the number of permits issued

**Chart 15**  
Forecast for the number of dwellings receiving occupancy permits



Source: HCSO, MNB

**Chart 16**  
Rate of return on housing developments



Note: 2025 based on two different assumptions: (1) during the construction period, supply house prices and construction costs continue to increase according to the dynamics of 2025, and (2) construction costs increase by an additional 10 percent during the remaining period of construction. The vertical line indicates the break in the construction cost time series resulting from more modern housing quality. For detailed methodology, see Box 1 of the November 2025 Housing Market Report.

Source: MNB, HCSO

for dwellings in 2025 was partly driven by the tightening of building regulations (TÉKA)<sup>7</sup> effective from 1 July 2025, which may have led to permit procedures being brought forward in the first half of the year. The increase observed in 2025 Q4, as well as the exceptionally high level recorded in 2026 Q1, may already have been strongly driven by the large number of planned housing developments designated as priority investments under the Home Start Programme.<sup>8</sup> In 2026 Q1, building permits were issued for 9,300 homes, which was 64 per cent higher compared to the same period of the previous year.

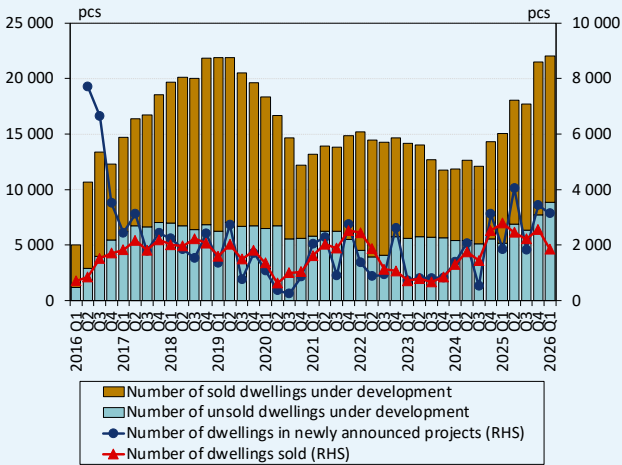
**The number of completions may begin to rise significantly from the end of 2026 onward.** Based on our short-term forecast, 15,700 homes are expected to be completed in 2026, representing a 30-per-cent increase year on year (Chart 15). The increase in the number of building permits issued, as well as the growing number homes under development and for sale, both point to a substantial rise in completions ahead. The expected strengthening of supply is also indicated by the fact that domestic banks concluded HUF 309 billion worth of loan contracts for housing projects in 2025, more than 2.5 times the annual average of the preceding four years (Annex, Chart 2). Our model primarily projects an increase in completions in 2026 Q4; however, due to the uncertain timing of real estate developments, it is possible that a more significant expansion will ultimately only become observable from 2027 onward. Homes in developments granted priority investment status may appear in completions from 2027 at the earliest.

**A sudden increase in construction costs may reduce the profitability of housing developments launched in 2025.** According to our estimates, the internal rate of return of a typical high-quality new housing project in Budapest launched at the beginning of 2024 may have reached 20.3 per cent, representing a moderate decline compared to projects started in 2023 (Chart 16). Based on 2025 house price and cost dynamics, an improvement in returns would be expected; however, housing construction costs may also increase significantly in 2026 due to rising energy prices and petroleum derivative prices resulting from geopolitical conflicts. If, for the remaining duration of construction projects launched in 2025, an additional 10-percentage-point increase in construction costs beyond the previous year's dynamics is assumed, the rate of return on developments may decline to 18.7 per cent.

<sup>7</sup> Government Decree No. 280/2024 (IX. 30.) on the basic regulations for urban planning and construction.

<sup>8</sup> A residential building may qualify as a Home Start priority investment project if it comprises at least 250 homes and at least 70 percent of the homes meet the housing-related eligibility criteria of the Home Start Programme.

**Chart 17**  
Availability of homes in new projects under development and sale in Budapest and number of new announced and sold dwellings in the given quarter

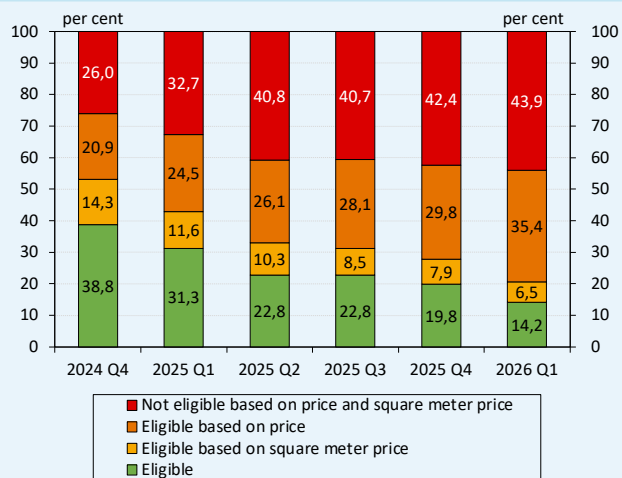


Note: Based on projects for at least four new dwellings in Budapest.  
Source: ELTINGA – Budapest Housing Market Report

## 4.2 SIGNIFICANT RISE IN SUPPLY OF NEW HOMES IN BUDAPEST, BUT ONLY A LIMITED NUMBER OF HSP PRIORITY INVESTMENT PROJECTS SO FAR

In 2026 Q1, supply on the Budapest new housing market rose to its highest level in the last ten years. In 2026 Q1, projects involving the development and sale of 22,000 homes were underway in Budapest, representing a 46-per-cent year-on-year increase and the highest level of supply in the last ten years. Developers began selling a high number of 3,140 new homes in 2026 Q1 in response to the robust demand. As a result, following a 63-per-cent year-on-year increase, the number of new homes available for purchase rose to a historical peak of 9,490 units by March 2026, indicating a substantial increase in supply relative to demand (Chart 17). From 2025 onward, a higher number of new homes have been launched onto the market as a result of increased investor demand; however, only a limited share of these projects is linked to Home Start priority developments.

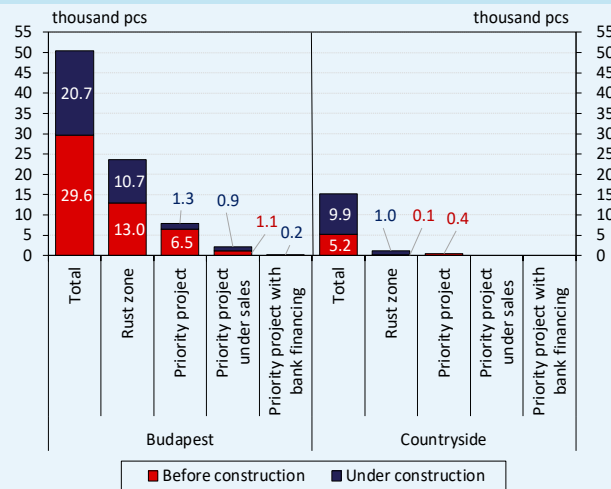
**Chart 18**  
Distribution of new homes for sale in Budapest according to eligibility for Home Start Programme



Note: Based on price information for available supply and sold new dwellings in the given quarter. Based on projects for at least four new dwellings in Budapest.  
Source: ELTINGA – Budapest Housing Market Report

Average prices per square metre increased on the new housing market in Budapest, further narrowing the range of homes eligible for the Home Start Programme. At the end of 2026 Q1, the average price per square metre of new homes in Budapest stood at HUF 1.85 million, representing a slowing annual increase of 10 per cent and a quarterly rise of 1.4 per cent. During the first quarter, developers repriced 15 per cent of available homes, of which 56 per cent became more expensive. Homes in priority investment projects have not yet appeared in large numbers in the current supply of new homes in Budapest; therefore, only 14 per cent of homes could be purchased using a Home Start loan, compared to 31 per cent a year earlier (Chart 18). On the Budapest new housing market, purchases financed through Home Start loans are constrained primarily by high prices exceeding the price cap of HUF 1.5 million per square metre.

**Chart 19**  
New apartment supply in Hungary by priority status and sales

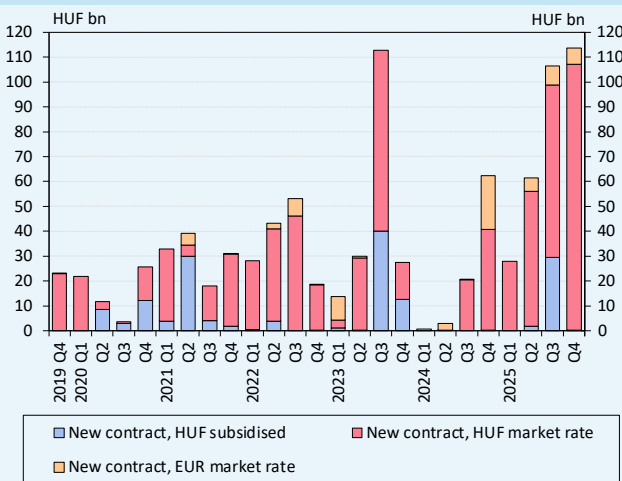


Note: Number of flats by project characteristics, based on condominium projects comprising at least three flats. The priority category includes the number of flats in housing development projects designated under the Home Start priority decrees and earlier priority decrees, covering projects under construction or in the preparation phase, still prior to construction. The priority decrees include a larger number of flats; the chart presents only investment projects that have already commenced.

Source: *ibuild.info*, *ELTINGA – Budapest Housing Market Report*, *ELTINGA – Rural Housing Market Report*

So far, only a limited number of homes in projects designated by law as priority investments are available for purchase. At the end of 2026 Q1, approximately 65,500 new condominium flats were under construction or in an advanced stage of preparation for construction nationwide. 77 per cent of this stock is located in Budapest (Chart 19). 38 per cent of the development stock under construction or prior to construction will be completed in designated brownfield action areas, while 13 per cent consists of housing development projects designated as priority investments<sup>9</sup> in connection with the Home Start Programme or under earlier priority decrees. In the case of the examined brownfield and priority developments alike, Budapest projects account for 95 per cent of the planned homes based on the number of units to be constructed. By mid-April 2026, 33 housing development projects had been granted priority investment status nationwide (including 31 HSP priority designations), of which 22 developments were located in Budapest (including 20 HSP priority designations). In Budapest, at the end of 2026 Q1, nearly 2,500 homes in priority projects were in the construction or sales phase. Within this, approximately 2,000 homes were on sale in roughly six priority developments, while four projects held HSP priority status, comprising a total of 1,200 homes. Outside Budapest, however, developments linked to the Home Start Programme have not yet commenced. From the financing side, the number of priority projects with bank financing also remains low for the time being, comprising only 150 homes.

**Chart 20**  
New housing project loan contracts of credit institutions



Note: Subsidised housing project loans belong to the following schemes: Funding for Growth Scheme, Széchenyi Investment Loan (Plusz, Go!, Max), Baross Gábor Loan Programme, Demjén Sándor Loan Programme.

Source: MNB

On the new housing market, the supply expansion that began in 2025 is reflected not only in building permits, but also in the volume of new housing project loans. In 2025, credit institutions concluded loan contracts worth HUF 309 billion for the financing of housing projects. This amount was more than three times higher than the low contract volume recorded a year earlier and exceeded the elevated 2023 figure by two-thirds as well (Chart 20). Subsidised loans accounted for 10 per cent of new contracts. During 2025, the growing volume of new housing project loan contracts clearly reflected the expansion process underway on the supply side of the housing market, which was also evident in the increase in the number of dwellings covered by building permits. In 2025, priority developments linked to the Home Start Programme did not yet play a substantial role in the expansion of new housing project loan contract volumes.

<sup>9</sup> Housing developments designated as priority investment in connection with the Home Start Programme are defined in Government Decree No. 335/2025 (X. 30.) on declaring construction investments aimed at building dwellings meeting the conditions of the FIX 3% loan programme provided under the Home Start Programme as priority investment and on classifying the related administrative authority procedures as matters of priority importance. Housing developments declared to be of priority importance prior to the launch of the Home Start Programme are defined in Government Decree No. 141/2018 (VII. 27.) on classifying certain administrative authority procedures related to economic development and job-creation investments as matters of priority importance from the perspective of the national economy and on amending certain government decrees concerning matters designated as being of priority importance from the perspective of the national economy.

**HOUSING MARKET REPORT**

May 2026

Print: Prospektus Kft.

H-8200 Veszprém, Tartu u. 6.

mnb.hu

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