HOUSING MARKET REPORT



2026
NOVEMBER

HOUSING MARKET REPORT

2026

NOVEMBER

Housing Market Report

(November 2026)

The analysis was prepared by Beáta Szabó, Ákos Bereczki, Csaba Lados, Sándor Winkler
(Directorate Financial Stability and Monetary Policy Instruments)

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

ISSN 2498-6712 (on-line)

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*[1] *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.*

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

Contents

1 Executive Summary 7

2 Housing Market Demand and House Prices 8
2.1 House price growth came to a halt in 2026 8
2.2 Housing market turnover declined, while the share of first-time home buyers remains high 10
2.3 Housing lending between September 2025 and September 2026 was shaped by the Home Start Programme 12

3 Supply of New Homes 17
3.1 Number of newly completed homes may rise by nearly 40 per cent in 2026 17
3.2 The level of new housing supply is exceptionally high but only a modest number of new projects were launched in 2026 Q3 20

List of Boxes
Box 1: Affordable Housing in Europe and Hungary 15

1 Executive Summary

By 2026 Q3, the annual growth rate of house prices fell to 6.6 per cent on average nationwide, from 24.4 per cent at end-2025, as the housing market was characterised by essentially stagnating price levels in 2026 Q2 and Q3. Due to slower house price dynamics and an improvement in fundamentals that continued to support demand, house price overvaluation dropped to 14.9 per cent nationwide by the second quarter and may decline further for the rest of the year. In 2026 Q4, the rate of annual house price dynamics may continue to decelerate both at the national level and in Budapest.

For much of 2026, housing market turnover approached its long-term average level (12,200 transactions per month), before declining to a lower level (10,000 transactions per month) in August–September. Declining demand improved buyers' bargaining power: in the third quarter, the transaction price was 4.1 per cent lower than the last asking price for a typical sale. The 1-year forward-looking rental yield on a typical home purchased in September 2026 was 4.4 per cent in Budapest and 5.5 per cent on average in rural towns. Yields rose modestly compared to the same period of the previous year but can be considered low in a long-term comparison, which also dampened investor interest.

Since the introduction of the Home Start Programme (HSP), the share of first-time home buyers has remained consistently high, while investors have been more present on the seller side of the market. Within housing loans, the share of subsidised loans rose from 23 per cent prior to the launch of the HSP to more than 80 per cent by 2026 Q1, before easing back to 76 per cent by August. As a result of the programme, the share of homes purchased using loans reached a historically high level of above 60 per cent in 2026 Q1, and a high share of more than 50 per cent was still observed in August 2026.

With the more targeted design of the Wekerle Plus loan programme, which replaced the Home Start Programme, the scope of those eligible for subsidised loans was narrowed: the new conditions have shifted towards supporting genuine first-time home buyers, excluding investor demand. Affordable housing has become a central issue at the EU level. In Hungary as well, the high ratio of house prices to local incomes points to pressure on the housing market, a trend observable primarily in the districts of Budapest and its agglomeration, around Lake Balaton, in Debrecen and in certain north-western districts. The expansion of housing supply and affordable housing have become the focus of the Government's new housing policy, which it plans to achieve by creating affordable rental homes and dormitories under the Wekerle Housing Construction Programme. EUR 550 million of EU funding is available for the programme.

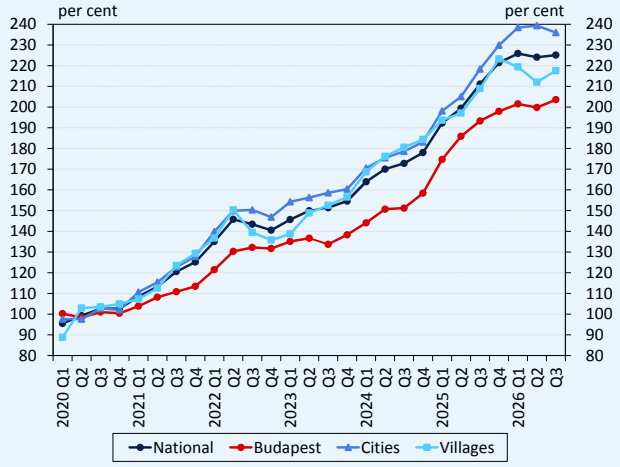
In the first three quarters of 2026, 9,800 newly built residential properties were issued occupancy permits in Hungary, up 31 per cent on the low base from the period of January–September 2025. In a European comparison, however, Hungary ranks last in home construction, both relative to the housing stock and relative to the population. The 12-per-cent year-on-year increase in building permits issued nationwide in the first nine months of 2026 was primarily supported by growth in other cities and villages.

In 2026 Q3, projects involving the development and sale of 21,000 homes were underway in Budapest, representing a 19-per-cent year-on-year increase. Compared to the second quarter, however, the stock of homes under development in the capital fell by 10 per cent. In the third quarter, 1,349 newly built homes were sold in Budapest, down 39 per cent on one year earlier, while developers began selling an even smaller number of homes, approximately 748. As a result, while available supply in the capital eased somewhat from its historical peak, it rose to a multi-year high in rural areas. In Budapest, the average square metre price of new homes increased to HUF 1.86 million; accordingly, 16.5 per cent of supply of new homes in Budapest would be eligible for the Wekerle Plus loan, while in rural areas, the share of new homes available with a subsidised loan was 67 per cent in 2026 Q3.

2 Housing Market Demand and House Prices

By 2026 Q3, annual house price dynamics slowed to 5.3 per cent in Budapest, 8.1 per cent in rural towns and 4.1 per cent in villages. During the first half of the year, incomes, rents and construction costs all rose faster than house prices, and accordingly, housing market overvaluation moderated. For much of 2026, housing market turnover approached its long-term average level, before declining to a low level in August–September. Since the introduction of the HSP, the share of first-time home buyers has remained consistently high, while investors have been more present on the seller side of the market. As a result of the programme, the share of homes purchased using loans rose to a historically high level.

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



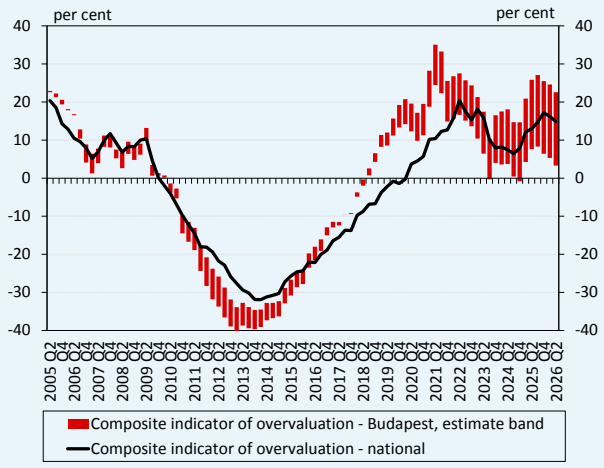
Source: MNB, NTCA, B400.

2.1 HOUSE PRICE GROWTH CAME TO A HALT IN 2026

In 2026, house price dynamics slowed significantly in all settlement types. Three years of continuous house price increases were interrupted in 2026 Q2 by a moderate 0.8-per-cent decline on average nationwide, followed by a rise of just 0.5 per cent in residential property prices in the third quarter. After house prices still rose by 24.4 per cent in 2025, the annual nominal growth rate dropped back to 6.6 per cent on average nationwide by 2026 Q3 – a lower rate has been recorded only once since 2015, in mid-2023. In the third quarter, annual house price dynamics fell to 5.3 per cent in Budapest, 8.1 per cent in rural towns and 4.1 per cent in villages (Chart 1). Based on the second-quarter indices published by the Hungarian Central Statistical Office (HCSO), prices of new homes rose more slowly than those of pre-owned homes year-on-year (Annex, Chart 1).[2]

[2] Charts belonging to the Annex can be found in the Excel chart set.

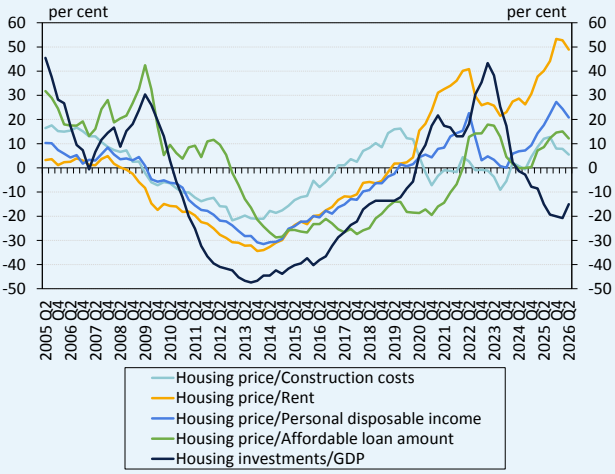
Chart 2
Deviation of house prices from the estimated level justified by fundamentals nationwide and in Budapest[3]



Note: Methodological revision in the level of the overvaluation indicator: in the data used to calculate the composite indicator, we have taken into account the HCSO's revision of construction costs, which reflects better housing quality from 2020 onwards.

Source: MNB.

Chart 3
Sub-indicators of the composite indicator



Note: Deviations from long-term averages. In the level of construction costs, we have applied the HCSO's methodological revision, which takes into account better housing quality from 2020 onwards.

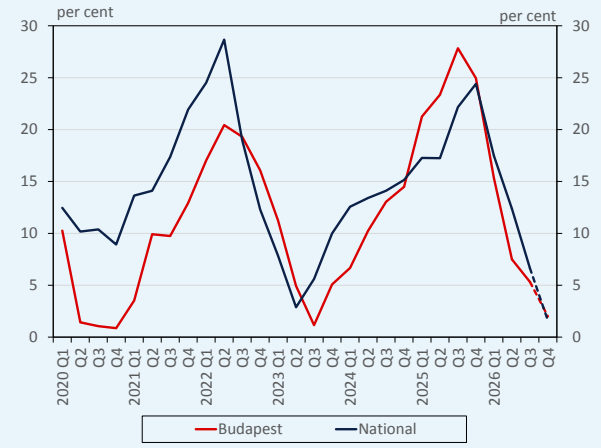
Source: MNB, HCSO, Eurostat.

Housing market overvaluation declined in the first half of the year. According to our composite indicator, the estimated deviation of house prices from the level justified by fundamentals reached 17.2 per cent nationwide at end-2025. In 2026, however, owing to slower house price dynamics, the rate began to fall, and the estimated overvaluation of house prices declined to 14.9 per cent by the second quarter (Chart 2). Our estimate for the housing market in Budapest also indicates a decline in overvaluation.

The decline in overvaluation was primarily supported by an improvement in fundamentals underpinning demand. In 2026 H1, rents increased by 4.2 per cent, households' disposable income rose by 6.7 per cent and the contract size affordable from average wages at market interest rates advanced by 3.4 per cent. These growth rates outpaced the increase of just 1.2 per cent in house prices observed in the first half of the year, suggesting that the current level of housing market demand has become somewhat more sustainable (Chart 3). The fact that the prices of new homes rose more slowly than construction costs in the first half of the year also contributed to the decline in overvaluation. At the same time, the levels of all the sub-indicators constructed from the fundamentals listed above still indicate that house prices are overvalued. By contrast, from the investment side, the housing market still cannot be considered overheated by long-term standards.

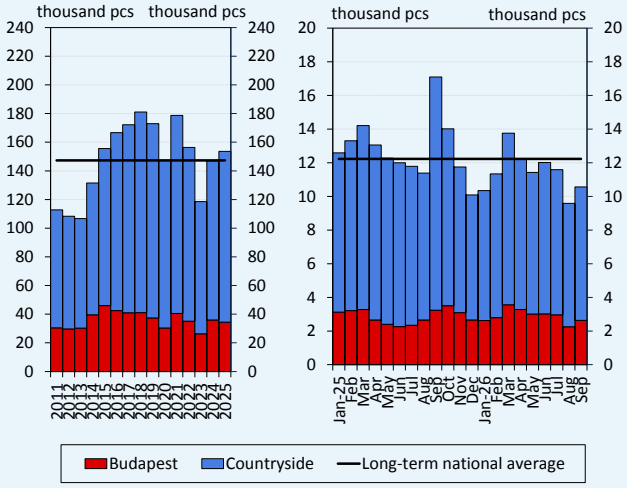
[3] We analyse the deviation of house prices from the level justified by fundamentals using a composite indicator. The sub-indicators of the composite indicator: house price/income, house price/rent, new house price/construction cost, house price/affordable contract size, housing investment/GDP. The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

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



Source: MNB.

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.

Source: NTCA, MNB, housing agent database.

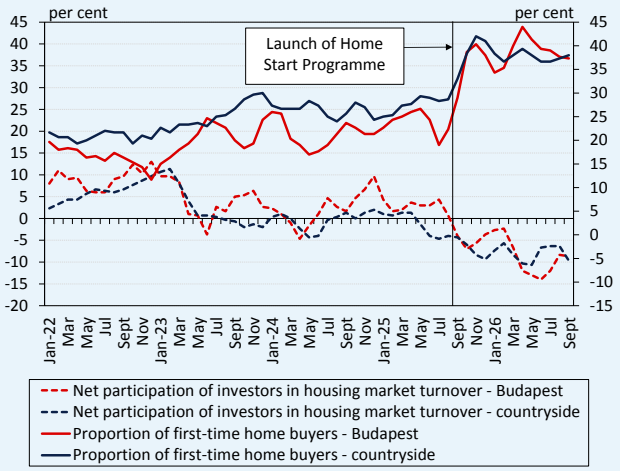
In the fourth quarter, annual house price dynamics may continue to drop significantly both nationwide and in Budapest. Based on our median forecast,[4] a 1.4-per-cent nominal increase in house prices is expected on average nationwide in 2026 Q4, bringing the annual growth rate of house prices down to 3.0 per cent (Chart 4). The probability that house prices will decline in 2026 as a whole is below 10 per cent. According to the median forecast, following a quarterly house price increase of 0.8 per cent, annual house price dynamics in Budapest may moderate to 4.1 per cent in the fourth quarter.

2.2 HOUSING MARKET TURNOVER DECLINED, WHILE THE SHARE OF FIRST-TIME HOME BUYERS REMAINS HIGH

Housing market turnover declined in 2026 Q3. For much of 2026, the estimated number of housing market transactions by private individuals hovered at around 12,000 per month, close to the long-term average, before declining to a significantly lower level in August–September (Chart 5). In the third quarter, the number of transactions fell by 16 per cent in Budapest, 9 per cent in rural areas and 11 per cent nationwide, compared to the second quarter. An even larger decline was observed on an annual basis but this was due to the high base resulting from the introduction of the HSP. Based on data from the real estate portal ingatlan.com, demand dropped by 17 per cent quarter-on-quarter in the second quarter, before stagnating in the third quarter. The median bargaining discount gradually increased over the year: in the first three quarters, the transaction price was 3.4 per cent, 3.7 per cent and 4.1 per cent lower than the last asking price for a typical sale. Overall, the decline in demand was reflected primarily in lower house prices in the second quarter, while in the third quarter it was reflected more in declining housing market turnover.

[4] The house price forecast is based on three models, whose past performance and latest forecast results we evaluate on an ongoing basis. The models are updated separately for national and Budapest data. (1) **The HaR model, which uses quarterly data**, is described in the manuscript by Szendrei, T. – Vágó, N. – Varga, K. (2026): A Roof Over Risk: A House Price-at-Risk Framework for Hungary. *arXiv preprint arXiv:2602.18592*. The other two models used for the forecast, **(2) the BVAR and (3) the MIDAS-HaR, are mixed-frequency models**. The BVAR uses the model from Schorfheide, F. – Song, D. (2015): Real-time forecasting with a mixed-frequency VAR. *Journal of Business & Economic Statistics*, 33(3), 366–380, while the MIDAS-HaR uses the construction from Szendrei, T. – Bhattacharjee, A. – Schaffer, M.E. (2024): MIDAS-QR with 2-Dimensional Structure. *arXiv preprint arXiv:2406*.15157.

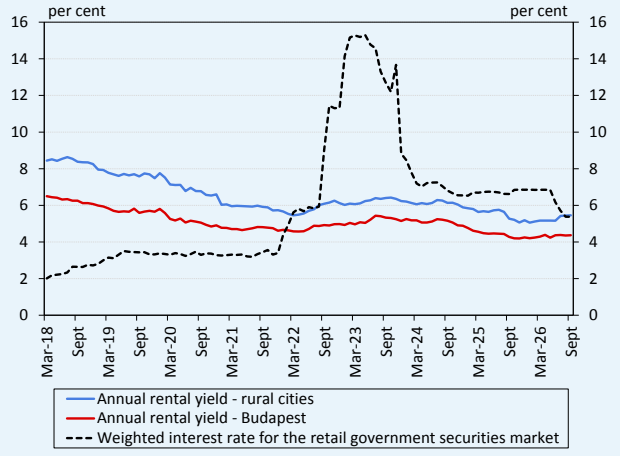
Chart 6
Share of first-time home buyers and net participation of investors in housing market turnover



Note: 3-month smoothed ratios. Sample-based estimates, derived from clients' voluntary verbal statements.

Source: Duna House.

Chart 7
1-year forward-looking rental yield in rural towns and Budapest by time of home purchase



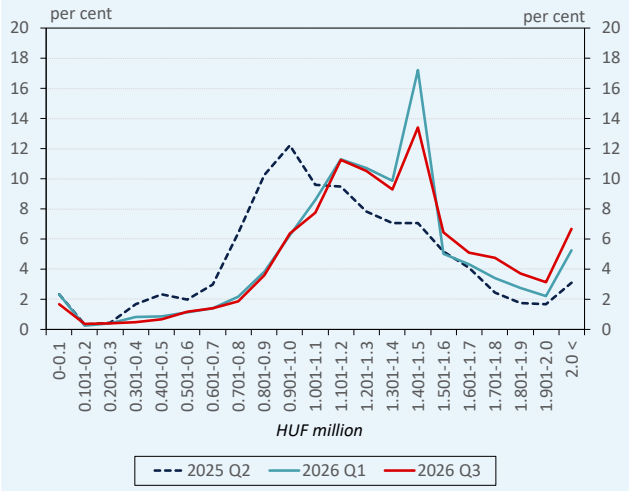
Note: The annual rental yield is calculated as the ratio of the annual rental income after deduction of personal income tax to the house price increased by the duty on the acquisition of property. The rent and house price data used in the calculations refer to homes with a floor space of 55 square metres. The retail government securities rate is based on the average annual interest rates at the time of sale of dematerialised HUF-denominated retail government securities, weighted by monthly issuance volume.

Source: ingatlan.com, HCSO, MNB.

Since the introduction of the HSP, the share of first-time home buyers has remained consistently high, while investors have been more present on the seller side of the market. In 2026 Q3, first-time home buyers accounted for 37 per cent of home purchases in Budapest and 38 per cent in rural areas, according to transaction data from Duna House. Since the introduction of the HSP, the share of first-time home buyers has been higher than in previous years (Chart 6). The net participation of investors in the housing market (defined as the difference between the share of buyers for investment purposes and the share of those selling previously acquired investment properties among sellers) reached -9 percentage points in Budapest and -10 percentage points in rural areas in 2026 Q3. Investors thus continued to be noticeably more present on the seller side of the market; accordingly, during 2026, their activity also tended to contribute to dampening house price dynamics.

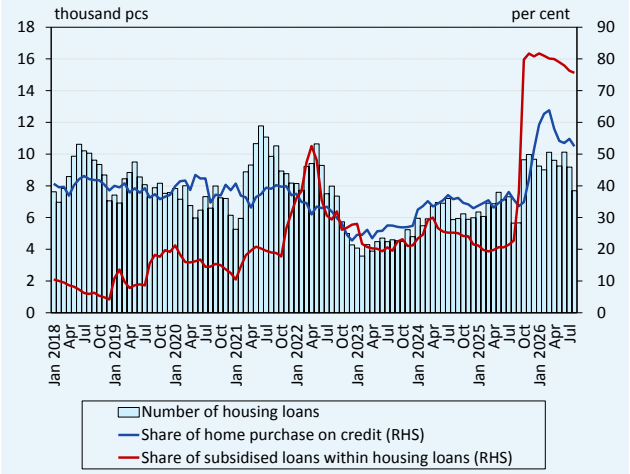
The decline in rental yields came to a halt. According to our estimate, the 1-year forward-looking rental yield on a typical 55-square metre home purchased in September 2026, calculated after tax, but excluding operating costs and capital appreciation, may have reached 4.4 per cent in Budapest and 5.5 per cent on average in rural towns (Chart 7). Compared to the same prior-year period, estimated yields rose modestly but their level remains significantly below the average of previous years. Low rental yields also hinder the development of an institutional rental housing sector. For private individuals buying for investment purposes, however, the decline of around 1.5 percentage points in interest rates on retail government securities after May 2026 improved the relative attractiveness of letting out homes.

Chart 8
Distribution of square metre prices for transactions in Budapest



Source: NTCA, B400 data reporting.

Chart 9
Number of new housing loan contracts as well as share of home purchases financed with loans and of subsidised loans



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.

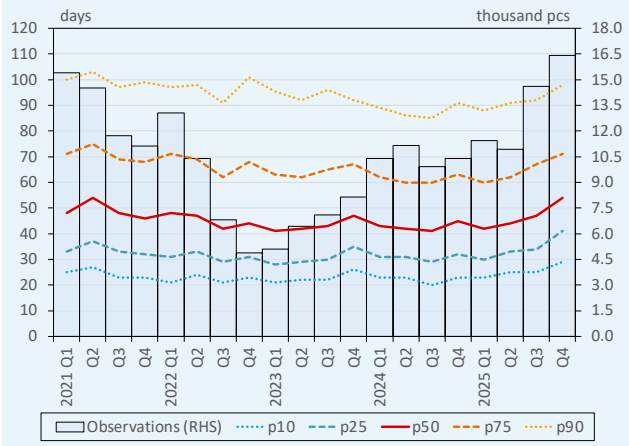
Source: MNB.

The share of transactions falling below the HSP's square-metre price cap declined on the Budapest housing market. Since the launch of the HSP in September 2025, 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. In 2026 Q1, 17 per cent of transactions in the capital fell into the HUF 1.4–1.5 million per square metre price range, whereas in the third quarter, this share was only 13 per cent (Chart 8). The artificial threshold did not prevent a further rightward shift in the distribution: the share of transactions priced above HUF 1.5 million per square metre in the capital increased from 23 per cent to 30 per cent in six months.

2.3 HOUSING LENDING BETWEEN SEPTEMBER 2025 AND SEPTEMBER 2026 WAS SHAPED BY THE HOME START PROGRAMME

The expansion in housing loan volumes was also supported by higher contract sizes. Between January and August 2026, the credit institution sector concluded housing loan contracts worth HUF 2,039 billion, representing a year-on-year increase of 93 per cent, while the number of loan contracts concluded rose to a lesser extent, advancing by around 38 per cent, versus the same period of the previous year. The near doubling of housing loan volumes was thus largely explained by higher contract sizes resulting from the upswing in Home Start loans: in August 2026, the average contract size for the purchase of pre-owned homes was HUF 20 million for market-based housing loans, compared to HUF 32 million for subsidised loans. Within housing loans, the share of subsidised loans rose from 23 per cent prior to the launch of the HSP to more than 80 per cent by 2026 Q1, before easing to 76 per cent by August (Chart 9). As a result of the programme, the share of homes purchased using loans reached a historically high level of above 60 per cent in 2026 Q1, and a high share of more than 50 per cent was still observed in August 2026.

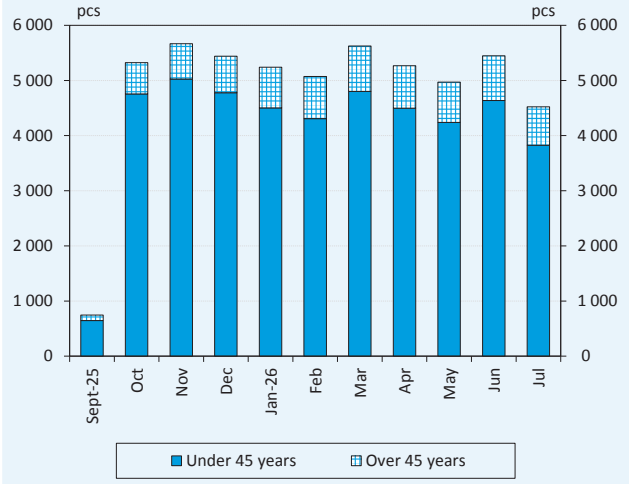
Chart 10
Distribution of the time elapsed between the housing transaction and the conclusion of the loan contract, by date of sale



Note: Taking into account time lags of up to six months. The number of observations refers to sales of homes that were used as collateral for loan transactions. Database coverage is not complete.

Source: ING data reporting.

Chart 11
Number of Home Start loan contracts by age



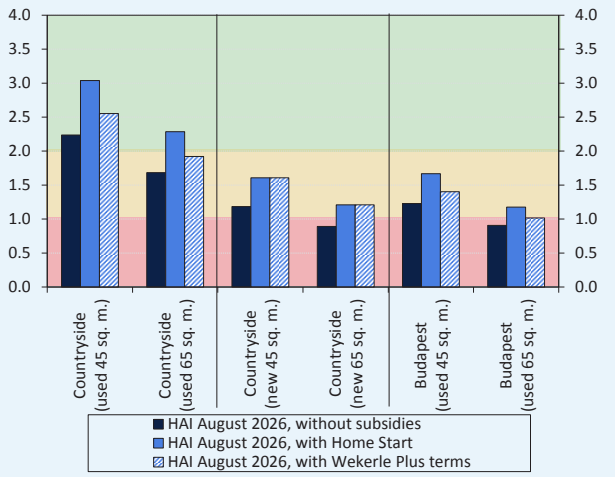
Source: MNB.

The typical loan processing time lengthened due to the increase in the number of loan-financed housing transactions. Between 2025 Q2 and 2025 Q4, the median time elapsed between the housing transaction and the conclusion of the loan contract increased from 44 days to 54 days, at the national level (Chart 10). This change coincided with a significant, roughly 1.5-fold increase in the number of housing loans disbursed, due to the introduction of the HSP. The workload of banks thus increased significantly in 2025 H2; accordingly, the increase in the time required to finance sales may have been caused by longer loan processing times. Based on our analysis, the time required for financing has also shown a close positive relationship with the number of loan-financed housing market sales over the longer term.

The Wekerle Plus programme may induce significant changes on the housing market. On 18 October 2026, the Government announced the 3-pillar Wekerle Plus loan programme, which replaces the Home Start Programme, but with significantly stricter conditions.[5] The new conditions have shifted towards supporting genuine first-time home buyers, excluding investor demand. By July 2026, 14 per cent of the HSP contracts concluded had been applied for by persons over the age of 45, who would no longer be eligible for the subsidised loan under the new programme (Chart 11). Under the Wekerle Plus programme, the Government is reintroducing state support for home savings and loan associations, amounting to 10 per cent of deposits in the first five years of the term and 20 per cent from the sixth year onwards. In addition, the Government is also launching an energy-efficiency home renovation subsidy of up to HUF 7.5 million, together with the option of a loan of up to HUF 15 million at a fixed 3-per-cent interest rate, for the renovation of detached homes. For those living in condominiums, an interest-free loan of up to HUF 5 million, combined with a 50-per-cent subsidy, will be available from March 2027. Non-refundable subsidies can be claimed for properties with an energy rating of D or worse.

[5] The Wekerle Plus loan is available to those under the age of 45, at a fixed 3-per-cent interest rate for new homes and a fixed 5-per-cent interest rate for pre-owned homes. Applicants are subject to a mandatory 5-year occupancy requirement, and in the case of a previous or existing home, they must hold an ownership share of less than 50 per cent (in the case of a joint application with a spouse, both parties must meet the personal eligibility criteria, and their ownership shares in the same home must be assessed together).

Chart 12
Housing Affordability Index (HAI) for first-time home buyers



Note: The Housing Affordability Index (HAI) shows the coverage ratio of the total household income of an average family with two income earners (in rural areas or Budapest) compared to the income needed to buy an average home on a loan. If the HAI is above 2.0, buying a home using a loan can be achieved with a single average salary without excessive financial overstretch, but if it is below 1.0, even two average salaries are not enough. Calculated with average square metre prices and without eligibility for family subsidies. LTV = 70 per cent, DSTI = 30 per cent, maturity = 20 years.

Source: HCSO, MNB.

With the tightening of subsidised lending, housing affordability is deteriorating for most loan-financed buyers. In August 2026, the level of housing affordability with a mortgage was essentially in line with its value from the previous September, both with a market-based loan and with a Home Start loan. Under the Wekerle Plus loan programme, however, eligibility for subsidised loans has narrowed, and for those who no longer qualify, the only remaining option is a market-priced loan for house purchase with a higher interest rate. Compared to a purchase with Home Start, this means higher repayment instalments or a smaller contract size. Due to the increase in the subsidised interest rate for pre-owned homes, housing affordability is also deteriorating for the majority of those eligible for Wekerle Plus (Chart 12). At the same time, a subsidised interest rate of 3 per cent remains available to first-time home buyers for new homes. The latter also means that with Wekerle Plus – taking into account differences in earnings – a new home in rural areas can be purchased with even less financial overstretch than a pre-owned home of the same size with an average square metre price in Budapest. Many EU countries, including Hungary, are facing affordable housing challenges. Areas under housing pressure are presented in Box 1.

Box 1
Affordable housing in Europe and Hungary

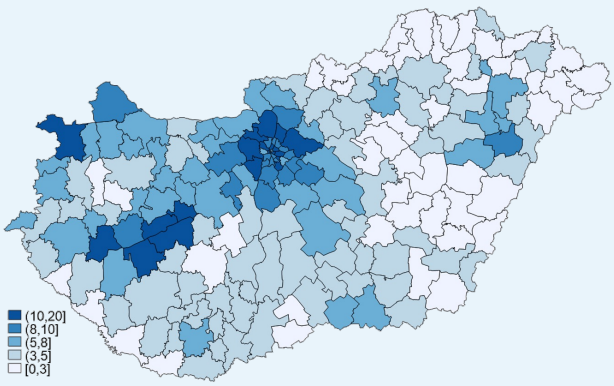
Affordable housing has also come into focus at the EU level. On 9 September 2026, the European Commission presented its new proposal for a housing regulation, the Affordable Housing Act,[6] which would provide Member States and local governments with a common EU instrument enabling cities, on the grounds of a housing crisis, to restrict any use of property that reduces the housing stock available to the local population. These include, among others, short-term rentals, the accumulation of second homes, home purchases for investment purposes, long-term vacant homes and the accumulation of homes by companies or institutions. Under the proposed regulation, the competent authority must first determine whether the area for which it intends to adopt measures qualifies as an area under housing pressure. It must then demonstrate that the activity to be restricted actually reduces the availability or affordability of housing. Finally, it must also show that the chosen intervention is proportionate, targeted and limited in time and that there is no less restrictive but similarly effective instrument. Measures could be introduced for up to five years and could only be extended after a new assessment; if the conditions are no longer met, the measure must be withdrawn.

According to the draft regulation, establishing housing pressure requires all of the following indicators to be met:

- The house price/income ratio reaches or exceeds the threshold of 8, which means that the purchase of an average-sized residential property within the residential property stock of the given area requires the equivalent of eight years of per capita net income.
- The house price/income ratio has increased over the past ten years. (This criterion does not apply if the house price/income ratio exceeds the threshold of 10.)
- In the absence of the measure, housing pressure is not expected to ease in the three years following the expected adoption of the measure, based on a joint assessment of demographic dynamics, housing supply and housing demand.

There are significant regional differences in the ratio of house prices to incomes in Hungary. The ratio of average transaction prices to local annual income per earner (the house price/income ratio) shows exceptionally high values in regionally concentrated areas, and significant differences can be observed between individual districts. The ratio of house prices to incomes is high, at above 8, mainly in the districts of Budapest and its agglomeration, around Lake Balaton, in Debrecen and in certain north-western districts. At the same time, the ratio is below 3 in 25 per cent of districts. Affordability is weakest in the Balatonfüred, Siófok and Pilisvörösvár districts and in the 5th and 12th districts of Budapest, while eight Budapest districts have a house price/income ratio above 10, and another five districts have a ratio of between 9 and 10. In total, the ratio of house prices to incomes reaches 10 in 20 districts (10 per cent of districts and 14 per cent of transactions in 2024) and 8 in 42 districts (21 per cent of districts and 36 per cent of transactions in 2024). Within Pest County, including the districts of the capital, the house price/income ratio was above 8 in 76 per cent of districts and above 10 in 34 per cent of districts in 2024.

House price-to-income ratio by district in 2024

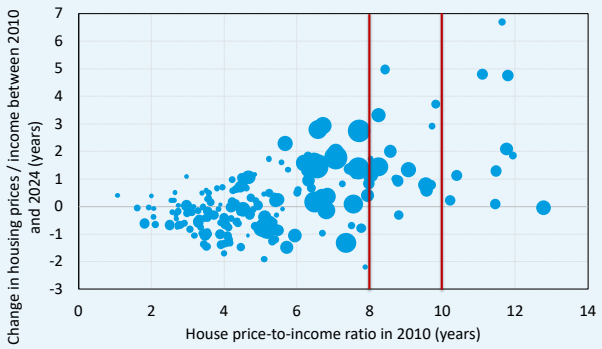


Note: House price-to-income ratio: average transaction price / annual net income subject to personal income tax (PIT) per PIT taxpayer.

Source: Teir, MNB.

[6] Source: https://eur-lex.europa.eu/resource.html?uri=cellar:03161c95-ac5e-11f1-b9e5-01aa75ed71a1.0007.02/DOC_1&format=PDF

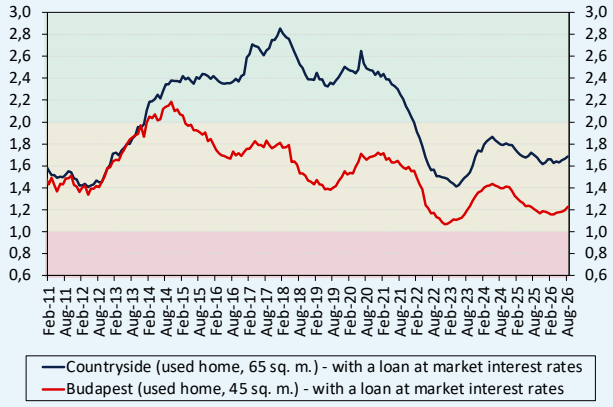
House price-to-income ratio in 2010 and its change up to 2024, by district



Note: The size of the bubbles is proportional to the number of housing transactions. House price-to-income ratio: average transaction price / annual net income subject to personal income tax (PIT) per PIT taxpayer.

Source: Teir, MNB.

Housing Affordability Index (HAI)



Note: 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 average square metre prices and without entitlement to family benefits. LTV = 70%, PTI = 30%, maturity = 20 years.

Source: MNB.

Affordability typically deteriorated in districts where the ratio of house prices to incomes was already higher at the outset. Although the affordability problem, based on the ratio of house prices to incomes, is regionally concentrated, around two-thirds of housing transactions took place in districts where house prices rose relative to local average annual income per earner over the long term, between 2010 and 2024. Moreover, a relationship can also be identified between the level of affordability and its change. Affordability typically deteriorated in districts where the house price/income ratio was already higher in 2010. This is because housing market demand typically rose more strongly in areas that are more attractive in terms of, among other things, access to jobs, the environment and the availability of public services, thereby driving up house prices, while income growth was more evenly distributed geographically. As a result of the latter, affordability even improved in some districts over the long term.

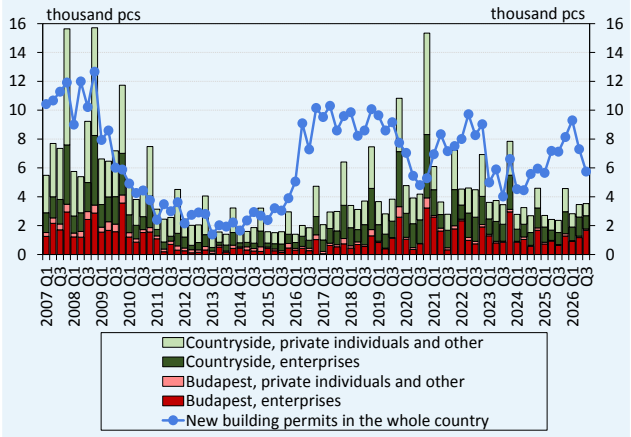
Taking market-based housing loan conditions into account, affordability also deteriorated significantly over the past ten years, with the HAI in Budapest close to its low point. The Housing Affordability Index (HAI) shows the number of times the income of a household with two average earners covers the income required for the financed purchase of an average home. At the end of the previous housing market cycle, in 2012, HAI values were still unfavourable, as the average market APR was around 12 per cent. Subsequently, lending rates on housing loans began to decline rapidly, the average APR reached 6.7 per cent at end-2014, and affordability improved significantly: at that time, even a single average salary may have been sufficient to purchase, with a loan and without excessive financial overstretch, a 65-square-metre pre-owned home in rural areas or a 45-square-metre one in Budapest. Since then, affordability in the capital has gradually deteriorated, albeit with fluctuations, since after 2014 falling interest rates were no longer able to offset the rise in the house price/income ratio. In rural areas, by contrast, the HAI deteriorated significantly only after 2021, when lending rates on housing loans rose sharply again. As a result, in 2026, affordability with a market-based loan in rural areas was almost as unfavourable as at the 2012 low point, while in Budapest it was even below that level.

The creation of an affordable rental housing sector has become the focus of the Government's new housing policy. In August 2026, the Hungarian Government announced the Wekerle Housing Construction Programme, which aims to expand housing supply by creating affordable rental homes and dormitories, thereby easing housing pressure. Up to EUR 550 million of EU funding (RRF) may be available for the programme, which could increase to as much as EUR 2–3 billion with market and bank co-financing. According to the announcement, the programme also includes the preparation of a financial and regulatory toolkit to support the development of affordable rental homes as well as a concept for establishing a state housing agency system.

3 Supply of New Homes

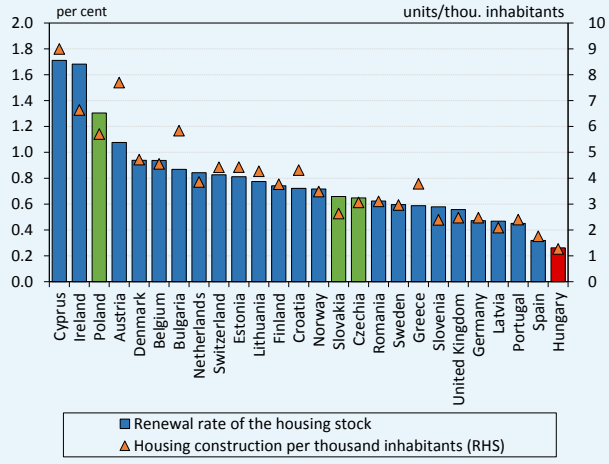
In 2026 Q1–Q3, 9,800 newly built residential properties were issued occupancy permits in Hungary, up 31 per cent on the low base from January–September 2025. The number of dwellings in building permits issued in the third quarter, however, may already have been affected by declining housing market demand. Based on our forecast, 16,800 homes are expected to be completed in 2026 as a whole, which would represent a 39-per-cent year-on-year increase, but Hungary's rate of renewal would still remain the lowest in a European comparison. In 2026 Q3, due to the low number of newly launched homes, available supply on the Budapest new housing market also eased from its historical peak, whereas in rural areas, the available supply of new homes rose to a multi-year high.

Chart 13
Distribution of new completions by location and developer



Source: HCSO.

Chart 14
Annual rate of renewal of the housing stock and housing construction per 1,000 inhabitants in Europe



Note: The reference year of the data is 2024 for Austria, Belgium, Croatia, Cyprus, Denmark, Finland, the Netherlands and Switzerland and 2025 for the other countries. Housing construction data are not available for France, Italy and Luxembourg.

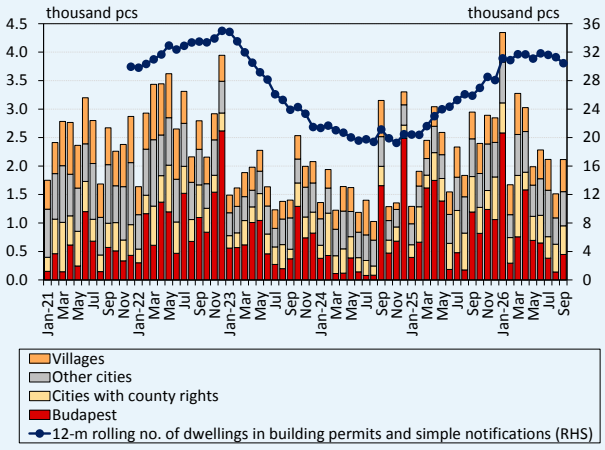
Source: ECB, national statistical offices, MNB.

3.1 NUMBER OF NEWLY COMPLETED HOMES MAY RISE BY NEARLY 40 PER CENT IN 2026

In 2026 Q1–Q3, the number of new homes completed increased by 31 per cent nationwide and by 59 per cent in Budapest compared to the low base from one year earlier. In 2026 Q1–Q3, 9,800 newly built residential properties were issued occupancy permits in Hungary, up 31 per cent on the low base from January–September 2025 (Chart 13). The number of residential properties commissioned by natural persons (mainly detached houses) increased by 10 per cent year-on-year. In the case of commercial home construction, the number of homes completed in 2026 Q1–Q3 rose by 65 per cent in Budapest and by 23 per cent in rural areas year-on-year.

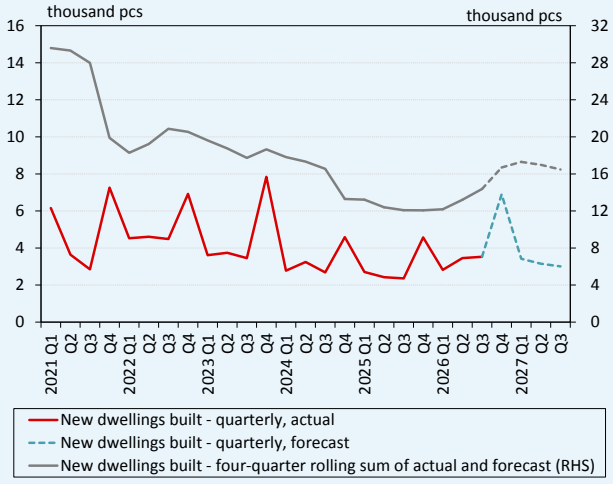
The annual rate of renewal of the housing stock in Hungary is the lowest in a European comparison. In 2025, 12,000 homes were issued occupancy permits in Hungary, corresponding to 0.3 per cent of the housing stock, while relative to the population, fewer than 1.5 completed homes were built per 1,000 inhabitants (Chart 14). In a European comparison, Hungary ranks last in home construction, both relative to the housing stock and relative to the population. Cyprus, Ireland, Poland and Austria top the ranking relative to the housing stock, with the number of completed homes corresponding to 1.1–1.7 per cent of the housing stock. Favourable ratios close to 1 per cent can also be observed in Denmark, Belgium and Bulgaria. In 2025, home construction declined in most European countries compared to the previous year, with increases observed only in Bulgaria, Czechia, Estonia, Ireland and Poland.

Chart 15
Number of dwellings in building permits issued and simple notifications



Source: HCSO.

Chart 16
Forecast of the number of dwellings granted occupancy permits

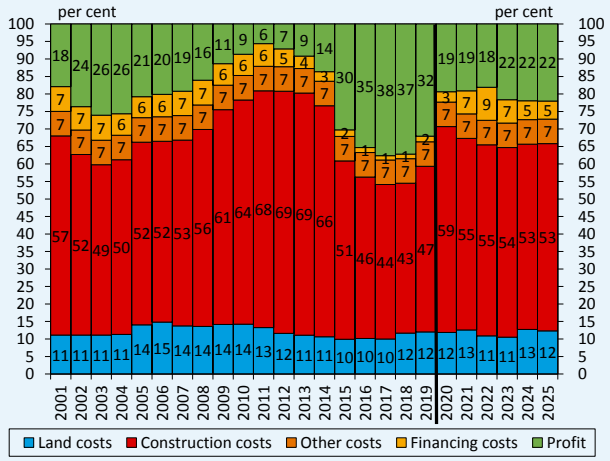


Source: HCSO, MNB.

In the first nine months of 2026, 12 per cent more homes received building permits than one year earlier, but Q3 data may already reflect declining housing market demand. Between January and September 2026, building permits were issued for 22,300 homes, exceeding the figure for the same period of 2025 by 12 per cent. The largest increase was observed in villages (+34 per cent) and in other cities (+31 per cent). During this period, the number of dwellings covered by issued building permits increased by 5 per cent in cities with county rights but declined by 4 per cent in Budapest. In 2026 Q1–Q3, the number of permits issued for dwellings in multiple-home buildings increased by 11 per cent nationwide compared to the same period of the previous year, with a 21-per-cent increase in rural towns and a 4-per-cent decrease in Budapest. On an annual basis, the number of dwellings permitted in single-home residential buildings increased by 15 per cent nationwide in the first nine months, rising by 22 per cent in villages and by 11 per cent in cities, while declining by 15 per cent in Budapest. The 12-month rolling number of building permits and simple home construction notifications issued in Hungary began to rise at end-2024, but based on 2026 Q2 and Q3 data, this trend appears to be coming to an end. The surge in the number of dwellings permitted in 2025 Q4 and 2026 Q1 may have been substantially driven by the Home Start Programme, launched in September 2025, and the resulting improvement in willingness to build homes. 2026 Q3 data, however, may already reflect the decline in housing market demand.

No further increase in the number of completed homes is expected in 2027 Q1–Q3. Based on our short-term forecast, 16,700 homes are expected to be completed in 2026 as a whole, which would represent a 38-per-cent year-on-year increase (Chart 16). The increase in completions is also reflected in the rise in the number of building permits issued as well as by the earlier growth in the number of homes under development and for sale. However, these latter processes have stalled; accordingly, we no longer expect a further increase in completions in 2027 Q1–Q3 compared to the same period of 2026. By the end of 2026, the Government will review projects that were granted priority status in connection with the HSP but do not yet have a building permit; accordingly, the implementation of these projects has become uncertain and may be delayed. At the same time, the launch of new projects may be supported by the Government's announcement that the preferential 5-per-cent VAT rate on housing will be extended indefinitely, which makes financial planning more predictable for developers and encourages supply growth.

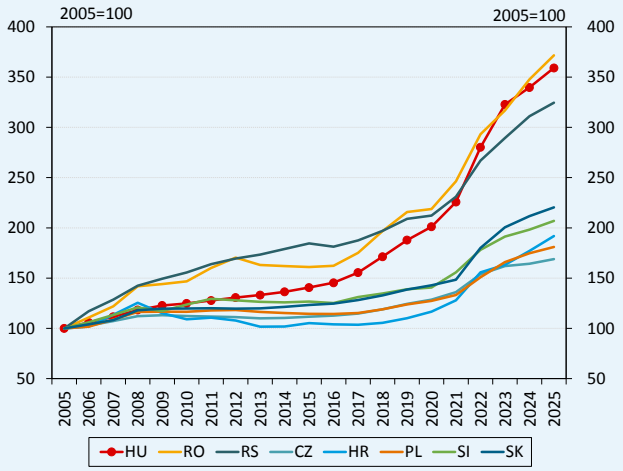
Chart 17
Cost breakdown of net revenue per 1 useful square meter of a new apartment project in Budapest, by year of construction start



Note: The vertical line marks a structural break in the construction cost time series caused by the shift towards higher-quality housing standards. For detailed methodology, see Box 1 of the November 2025 Housing Market Report.

Source: MNB, HCSO.

Chart 18
Evolution of producer prices in residential construction in the region



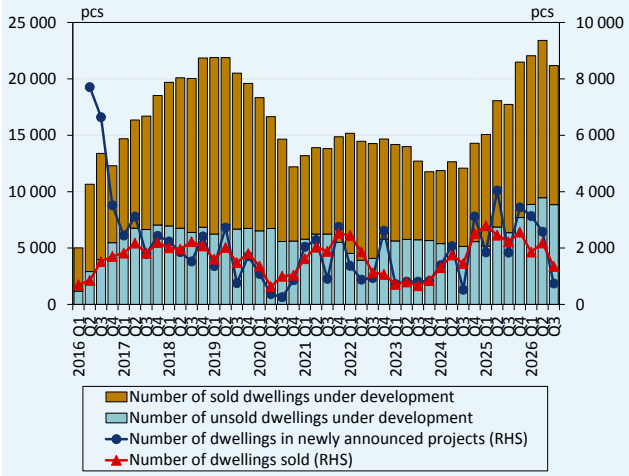
Note: For dwellings built in later years, the cost increase resulting from more modern construction requirements is not taken into account here.

Source: Eurostat.

According to our estimates, the profitability of housing developments launched between 2023–2025 remained stable. According to our estimates, the profit component in the net revenue of a typical high-quality new housing project in Budapest launched at the beginning of 2025 may reach 22 per cent, which is the same as the estimate for the previous two years, owing to the similar pace of growth in expected revenues and construction costs (Chart 17). The profitability of projects launched after 2025 could potentially be reduced if, given the accumulated available supply on the new housing market, developers are unable to increase their selling prices at the previous pace, which matched the rise in costs. At the same time, a continued decline in lending rates for residential property projects could have a positive impact on profitability.

The long-term increase in Hungary's producer prices in residential construction is one of the highest in the region. In the 20 years between 2005 and 2025, producer prices in residential construction in Hungary rose 3.6-fold (Chart 18). Among neighbouring countries, similar price increases were recorded in Romania (3.7-fold) and Serbia (3.2-fold). By contrast, in the other Visegrád countries, as well as in Croatia and Slovenia, producer prices in residential construction rose only 1.7–2.2-fold over the same period. In the 2000s and during the period of falling house prices, Hungarian housing construction costs moved more closely in line with the latter group of countries, whereas in the upswing (from 2014), the growth of producer prices in Hungary was exceptionally high. This may have been driven partly by labour shortages in the Hungarian construction sector and partly by the fact that, during this period, construction capacity was also tied up by a significant volume of government and commercial real estate orders.

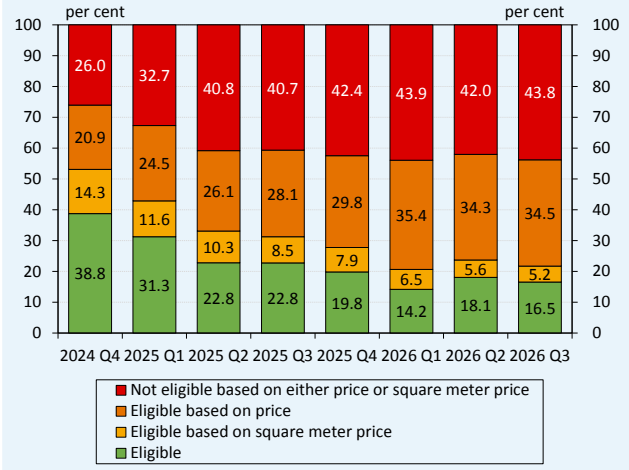
Chart 19
Availability of homes in new projects under development and sale in Budapest and number of new announced and sold dwellings in the given quarter



Note: Based on projects for at least four new dwellings in Budapest.

Source: ELTINGA – Budapest Housing Market Report.

Chart 20
Distribution of new housing supply in Budapest according to eligibility for Home Start



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.

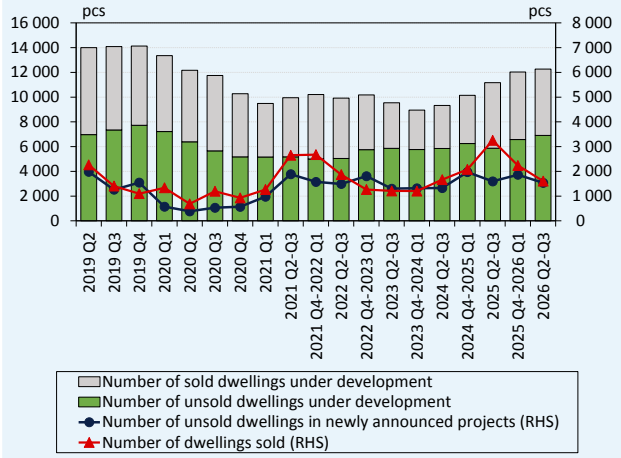
Source: ELTINGA – Budapest Housing Market Report.

3.2 THE LEVEL OF NEW HOUSING SUPPLY IS EXCEPTIONALLY HIGH BUT ONLY A MODEST NUMBER OF NEW PROJECTS WERE LAUNCHED IN 2026 Q3

The significant expansion of supply on the Budapest new housing market appears to be stalling. In 2026 Q3, projects involving the development and sale of 21,000 homes were underway in Budapest, representing a 19-per-cent year-on-year increase; compared to the second quarter, but the stock of new homes under development in the capital declined by 10 percent. In the third quarter, 1,349 newly built homes were sold, down 39 per cent on one year earlier, while developers began selling an even smaller number of homes, approximately 748 (Chart 19). As a result, following a moderate decline, 9,747 available new homes were on the market in the capital in the third quarter (8,852 under development and 895 already completed), which nevertheless remains an exceptionally high level by historical standards.

The rise in the average square metre price on the Budapest new housing market narrowed the range of homes eligible for Home Start. At the end of 2026 Q3, the average square metre price of new homes in Budapest stood at HUF 1.86 million, representing an annual increase of 5 per cent and a quarterly rise of 1.4 per cent. During the third quarter, developers repriced 18 per cent of available homes, raising prices for around half of them. By 2026 Q2, the share of new homes that could be purchased with a Home Start loan had risen to 18.1 per cent; however, by the third quarter, this share in the current supply of new homes in Budapest had dropped to 16.5 per cent (Chart 20). On the Budapest new housing market, purchases financed with Home Start loans are constrained primarily by high prices per square metre exceeding the cap of HUF 1.5 million. The HUF 1.5 million per-square-metre price cap has also been retained for the Wekerle Plus loan; however, from 1 January 2028, it will be raised every January by the HCSO's published price index for new homes for the calendar year preceding the previous calendar year.

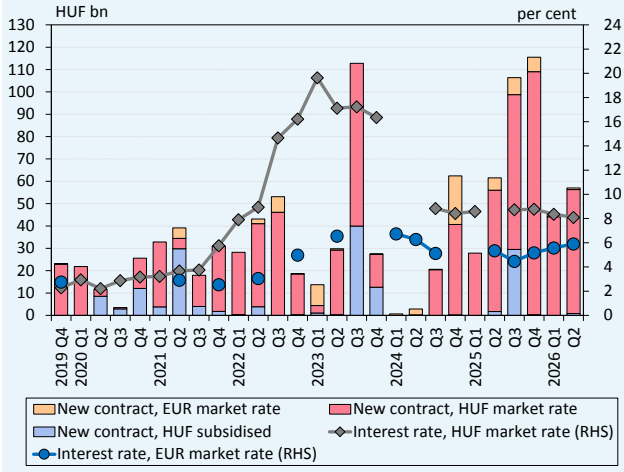
Chart 21
Number of dwellings in new condominium projects for sale in rural areas



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

Source: ELTINGA – Countryside Housing Market Report.

Chart 22
Housing project loan contracts of credit institutions and average transaction interest rates on new housing project loans



Note: Average loan interest rate weighted by contract size. Subsidised housing project loans belong to the following schemes: Funding for Growth Scheme, Széchenyi Investment Loan (Plusz, Go!, Max), Baross Gábor Loan Programme. Where no average interest rate is indicated in the chart, the data supply for the period did not contain new loan contracts with interest rate information.

Source: MNB.

The available supply of new homes in rural areas was at a high level in the third quarter. In 2026 Q3, more than 12,000 homes were under development and for sale in rural areas in condominium projects comprising at least ten homes, 10 per cent more than one year earlier. During the second and third quarters, sales of 1,538 new homes were launched, and a similar number of homes (1,608) were sold (Chart 21). The number of homes still available for purchase amounted to 8,000 in the third quarter (6,900 under development and 1,100 already completed), reaching a multi-year high and representing a 15-per-cent annual increase in available supply in rural areas. Most new housing developments are located in Győr-Moson-Sopron County (1,728 homes), followed by Hajdú-Bihar and Pest Counties, with 1,681 and 1,564 homes, respectively. Around Lake Balaton, in Somogy and Veszprém Counties, the number of homes under development is also exceptionally high, at more than 1,000. By settlement type, the largest share of rural new housing supply, around 44 per cent, is located in county seats, followed by homes available in the Lake Balaton resort area with a 23-per-cent share, while rural towns account for 17 per cent of new homes. The Budapest agglomeration and villages each account for an 8-per-cent share. In 2026 Q3, based on the average square metre price of homes in rural projects, 67 per cent of new homes could be purchased with a Home Start loan, representing a 3-percentage point decrease compared to the share a year earlier.

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 2026 H1, credit institutions concluded loan contracts worth HUF 102 billion for the financing of housing projects. This amount exceeds the already elevated contract volume of a year earlier by 14 per cent (Chart 22). Over the past year, the interest rate on HUF-denominated housing project loans fell by around 0.6 percentage point in line with monetary conditions, while the interest rate on EUR-denominated loans rose by a similar amount. At the same time, EUR-denominated lending plays a smaller role in the housing project lending activity of domestic credit institutions.

HOUSING MARKET REPORT

November 2026

Print: Prospektus Kft.

H-8200 Veszprém, Tartu u. 6.

mnb.hu

©MAGYAR NEMZETI BANK

H-1054 BUDAPEST, SZABADSÁG TÉR 8–9.