

# RESIDENTIAL HOUSING

Helgi's Pocket Guide

January 2013

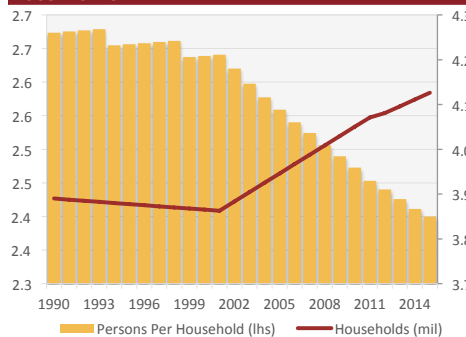
Hungary



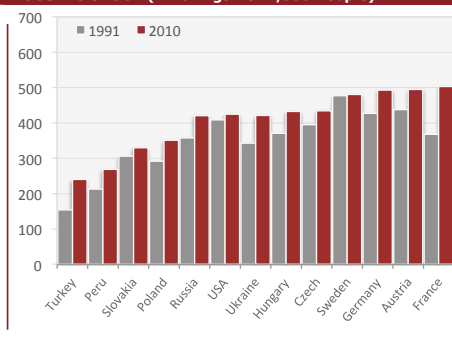
RESIDENTIAL HOUSING AT A GLANCE	1990	1995	2000	2005	2010
Housing Stock (Number Of Dwellings), mil	3.86	3.99	4.06	4.17	4.33
Persons Per Household	2.67	2.66	2.64	2.56	2.47
Dwellings Per Household	0.99	1.03	1.05	1.06	1.07
New Dwellings Completed ('000)	43.8	24.7	21.6	41.1	20.8
Average Size Of Dwelling (sqm)	70.8	71.2	73.4	75.4	76.5
House Price, Nationwide Average (USD)	54,238	39,979	27,965	62,162	55,500
House Price, Capital City Average (USD)	108,477	79,959	55,929	120,155	124,442
House Price To Gross Wage (Nationwide Average)	13.6	7.6	6.1	5.5	4.2
Home Ownership (As Of Total Dwellings)	74%	87%	89%	89%	92%
Dwellings Sold (As Of Total Dwellings)			4.5%	4.6%	2.1%
Mortgage Loans (As Of GDP)			1.4%	9.7%	16.4%
Loan To Value Ratio On Mortgage Loan Book			50.0%	54.0%	68.0%
Households With Mortgage Loan (As Of Total Households)		0.0%	2.0%	19.0%	20.2%



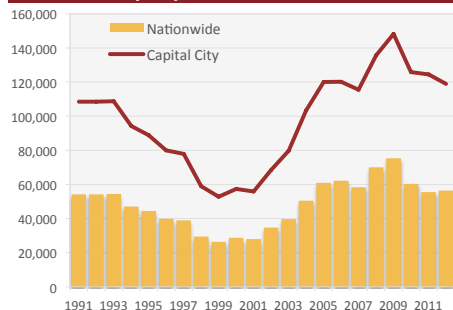
## HOUSEHOLDS



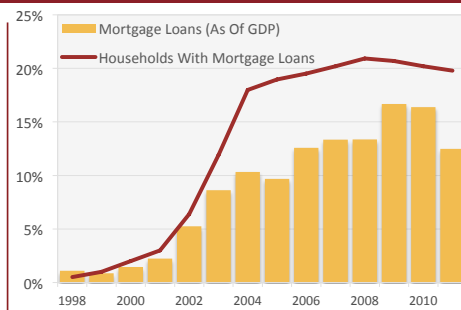
## HOUSING STOCK (Dwellings Per 1,000 People)



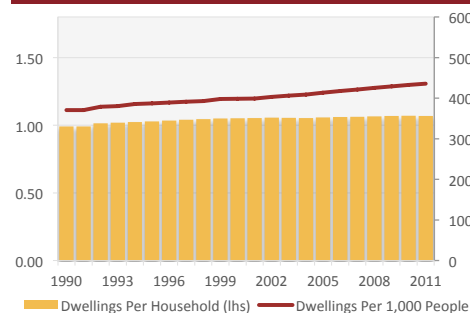
## HOUSE PRICES (USD)



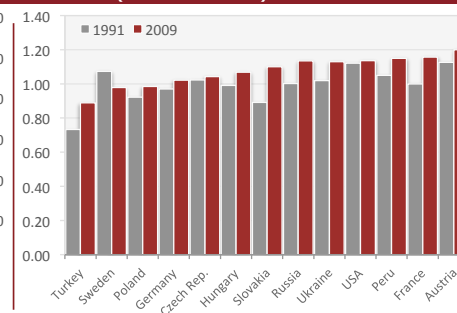
## MORTGAGE LOAN PENETRATION



## HOUSING STOCK

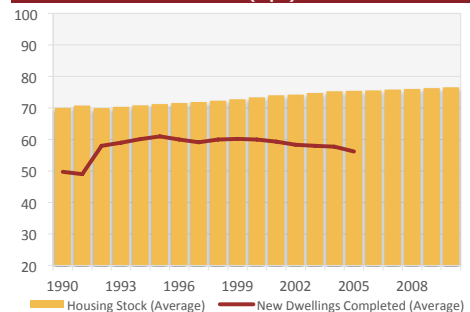


## DWELLINGS (As Of Households)

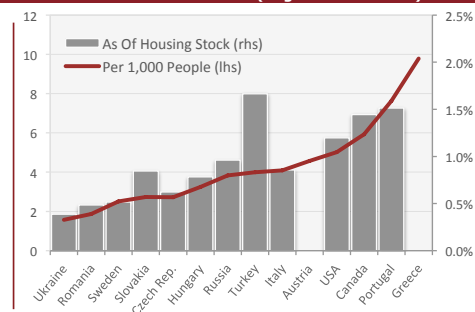


Hungarians do not suffer from having nowhere to live. There are enough dwellings when compared to the total population, as well as the number of households. In 2011, there were roughly 1.08 dwellings per household on average, close to the European average. Similarly to other Central European countries, the quality and size of the current housing stock remains an issue.

## SIZE OF AVERAGE DWELLING (sqm)

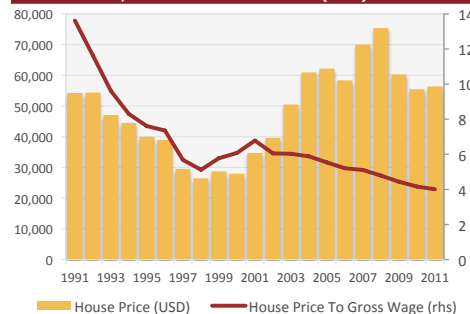


## NEW DWELLINGS COMPLETED (Avg. for 2000-2010)

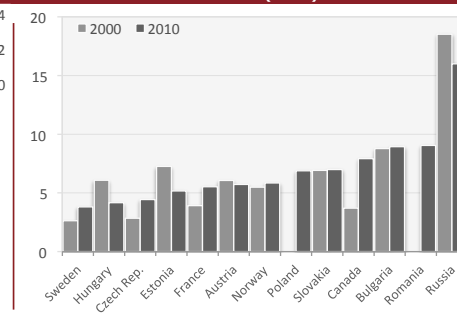


The average size of a Hungarian dwelling increased to 75 sqm in 2011 and remains a third below the Western European level. But it is the quality of the Hungarian housing stock which lags behind its western peers. Hungarian dwellings are relatively old (there are around 4,000 demolitions a year), around a quarter of all dwellings fail to meet the official comfort standards and a third of dwellings have no link to the public sewerage system, for example. Many houses have been renovated over the last two decades, but new construction remains low (with net additions at around 0.75% a year).

## HOUSE PRICE, NATIONWIDE AVERAGE (USD)



## HOUSE PRICE TO GROSS WAGE (2010)



Hungary's period of booming house prices was earlier and less sustained than those of most CEE countries. Prices increased rapidly between 1998 and 2001, especially in Budapest, fuelled by subsidy-driven mortgage lending, cheap funding and expected EU accession in 2004. From their peak in 2008, housing prices have dropped by more than 20% in USD terms to an average of USD 752 per sqm at the end of 2011. When compared to the average gross wage, Hungarian house prices seem to be among the lowest in CEE (as it takes roughly four annual incomes to buy a 75-sqm flat on average).

Source: World Bank, National Statistical Office, National Central Bank, OECD, United Nations, Helgi Analytics calculation

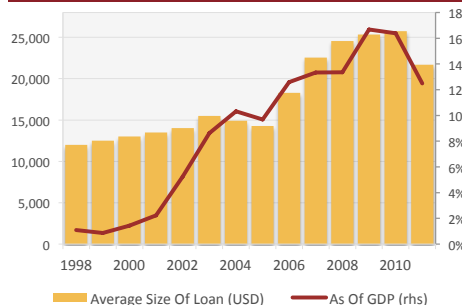


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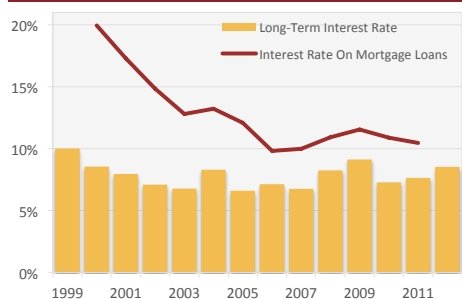
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## MORTGAGE LOAN PENETRATION



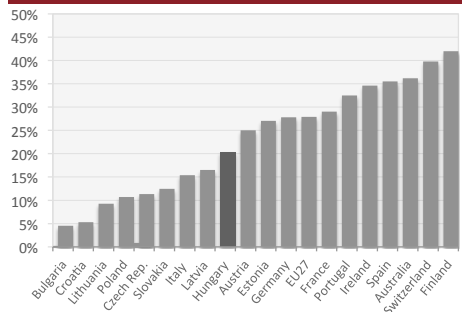
The mortgage lending boom has been one of the key drivers of rising real estate prices, but has also fuelled banks' asset and profit growth over the last decade. From virtually nothing at the end of the 1990s, mortgage loans represent roughly 18% of banks' loans now. Having said that, mortgage loans remain relatively small as a share of the economy (around 12% of GDP), or when compared to more developed countries. The boom in mortgage lending started in Hungary in 2000, when the government started subsidising interest rates on mortgages and allowed tax exemptions from repayments.

## COST OF MORTGAGE LOANS



While the headline interest rate remained above 10%, consumers were effectively paying 6-7% on their mortgages. This was great business for banks, but the total costs of the government's mortgage subsidy programme are estimated to have reached 1.5-2.0% of GDP. In the light of a high budget deficit and worsening macroeconomic conditions, the government later decided to tighten the conditions of the mortgage programme. That re-directed banks and borrowers to FX lending, which now represents around 60% of total mortgage loans.

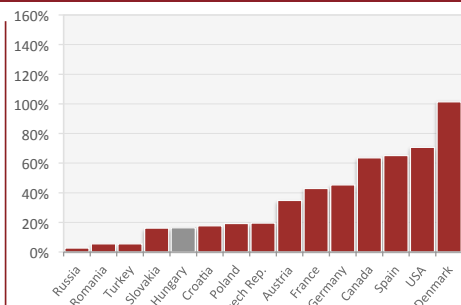
## HOUSEHOLDS WITH MORTGAGE LOANS



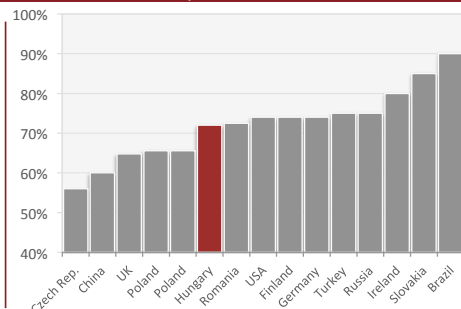
The vast majority of Hungarians (around 90%) own the house or flat they live in. Additionally, the share of Hungarian households who have a mortgage loan is the highest in Central and Eastern Europe, exceeding 20%. While not excessive when compared to Western Europe, the share is 2-3 higher than in Hungary's CEE/SEE peers. As the economy slowed down, subsidies were cut and the forint weakened, the quality of mortgage loans deteriorated badly, with more than 15% of the total being non-performing in 2012.

Source: World Bank, National Statistical Office, National Central Bank, OECD, United Nations, Helgi Analytics calculation

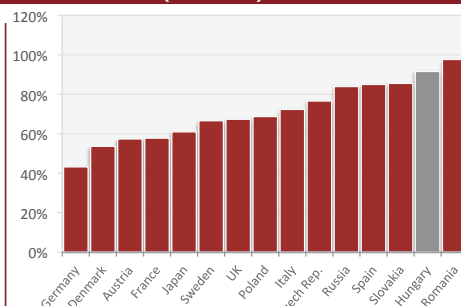
## MORTGAGE LOANS (As Of GDP), 2010



## LOAN TO VALUE RATIO, 2010



## HOME OWNERSHIP (2008-2010)



POPULATION		2003	2004	2005	2006	2007	2008	2009	2010	2011
Population	<i>mil</i>	10.14	10.12	10.10	10.08	10.07	10.05	10.03	10.01	9.99
Population (As % Of World Population)	%	0.16%	0.16%	0.16%	0.15%	0.15%	0.15%	0.15%	0.15%	0.14%
Persons Per Household	<i>persons</i>	2.60	2.58	2.56	2.54	2.52	2.51	2.49	2.47	2.45
Share Of Population (0-14 Years Of Age)	%	16%	16%	16%	15%	15%	15%	15%	15%	15%
Share Of Population (15-64 Years Of Age)	%	69%	69%	69%	69%	69%	69%	69%	69%	69%
Share Of Population (65+ Years Of Age)	%	16%	16%	16%	16%	16%	16%	16%	17%	17%
Median Age	<i>years</i>	38.9	39.0	39.1	39.2	39.4	39.5	39.7	39.8	40.0
Old Age Dependency Ratio	%	23%	23%	23%	23%	23%	24%	24%	24%	24%
Youth Dependency Ratio	%	23%	23%	23%	22%	22%	22%	22%	21%	21%
Life Expectancy, both sexes	<i>years</i>	72.3	72.6	72.6	73.1	73.2	73.7	73.9	74.2	
Life Expectancy At 65, both sexes	<i>years</i>	15.3	15.6	15.5	16.0	16.1	16.4	16.4	16.5	
Total Fertility Rate	<i>children</i>	1.28	1.28	1.32	1.35	1.32	1.35	1.33	1.26	1.24
Urban Population As Of Total	%	66%	66%	66%	67%	67%	68%	68%	69%	69%

HOUSING		2003	2004	2005	2006	2007	2008	2009	2010	2011
Housing Stock (Number Of Dwellings)	<i>mil</i>	4.12	4.13	4.17	4.21	4.24	4.27	4.30	4.33	4.35
Size Of Dwelling (Average)	<i>sqm</i>	74.8	75.3	75.4	75.5	75.8	76.0	76.3	76.5	77.0
Number Of Households	<i>mil</i>	3.90	3.93	3.95	3.97	3.99	4.01	4.03	4.05	4.07
Persons Per Household	<i>persons</i>	2.60	2.58	2.56	2.54	2.52	2.51	2.49	2.47	2.45
Dwellings Per Household	<i>dwellings</i>	1.05	1.05	1.06	1.06	1.06	1.07	1.07	1.07	1.07
Dwellings Per 1,000 People	<i>dwellings</i>	406	409	413	418	421	425	429	432	436
Home Ownership (As Of Total Dwellings)	%	88%	90%	89%	87%	91%	93%	92%	92%	
Social-Rental Dwellings (As Of Total Dwellings)	%									
Market-Rental Dwellings (As Of Total Dwellings)	%	7.4%	6.3%	6.0%	7.3%	7.2%	6.0%	6.6%	7.2%	
Housing Stock (Total Size Of Dwellings In sqm)	<i>mil sqm</i>	308	311	315	318	321	325	328	331	335
Housing Stocks (sqm Per Person)	<i>sqm</i>	30.4	30.8	31.2	31.6	31.9	32.3	32.7	33.1	33.5
Number Of Rooms	<i>mil</i>	10.6	10.6	10.7	10.8	10.9	11.0	11.1	11.3	11.3
Rooms Per Person	<i>rooms</i>	1.04	1.05	1.06	1.08	1.09	1.10	1.11	1.13	1.14
Rooms Per Dwelling	<i>rooms</i>	2.56	2.58	2.57	2.57	2.58	2.58	2.59	2.60	2.61
New Dwellings Completed	<i>'000 units</i>	35.5	43.9	41.1	33.9	36.2	36.1	32.0	20.8	12.7
Dwellings Completed Per 1,000 People	<i>dwellings</i>	3.50	4.34	4.07	3.36	3.59	3.59	3.19	2.08	1.27
New Dwellings Completed (As Of Total Dwellings)	%	0.9%	1.1%	1.0%	0.8%	0.9%	0.8%	0.7%	0.5%	0.3%
Living Space Per Dwelling Completed (Average)	<i>sqm</i>	58.0	57.7	56.2						
New Dwellings Started	<i>'000 units</i>	59.2	57.5	51.5	44.8	44.3	43.9	28.4	17.4	12.5
Number Of Dwellings Sold / Transferred	<i>'000 units</i>	270.6	171.7	193.8	225.7	191.2	154.1	91.1	90.3	87.7
Dwellings Sold (As Of Total Dwellings)	%	6.6%	4.2%	4.6%	5.4%	4.5%	3.6%	2.1%	2.1%	2.0%

PRICE & VALUATION		2003	2004	2005	2006	2007	2008	2009	2010	2011
House Price (Nationwide Average)	<i>USD</i>	50,488	60,949	62,162	58,325	70,040	75,383	60,292	55,500	56,368
House Price (Capital City Average)	<i>USD</i>	103,351	120,084	120,155	115,473	135,626	148,161	125,827	124,442	119,011
Monthly House Rent (Nationwide Average)	<i>USD per month</i>									
Monthly House Rent (Capital City Average)	<i>USD per month</i>									
House Price To Rent (Nationwide Average)	<i>years</i>									
House Price To Rent (Capital City Average)	<i>years</i>									
Residential Rental Yield (Nationwide Average)	%									
Residential Rental Yield (Capital City Average)	%									
House Price To Gross Wage (Nationwide Average)	<i>years</i>	6.0	5.9	5.5	5.2	5.1	4.8	4.4	4.2	4.0
House Price Per sqm, USD (Nationwide Average)	<i>USD per sqm</i>	673	813	829	778	934	1,005	804	740	752
House Price Per sqm (Capital City Average)	<i>USD per sqm</i>	1,378	1,601	1,602	1,540	1,808	1,975	1,678	1,659	1,587
Price Of Land For Residential Building (Nationwide)	<i>USD per sqm</i>									
Price Of Land For Residential Building (Capital City)	<i>USD per sqm</i>									

MORTGAGE LENDING		2003	2004	2005	2006	2007	2008	2009	2010	2011
Mortgage Loans	<i>USD mil</i>	7,209	10,526	10,687	14,159	18,149	20,596	21,119	21,068	17,477
Mortgage Loans (As Of GDP)	%	8.6%	10.3%	9.7%	12.6%	13.3%	13.4%	16.7%	16.4%	12.5%
Mortgage Loans Per Capita	<i>USD</i>	711	1,040	1,058	1,405	1,803	2,050	2,105	2,104	1,750
Mortgage Loan Interest Rate (Average, CZK)	%	12.8%	13.2%	12.1%	9.8%	10.0%	10.9%	11.6%	10.9%	10.5%
LVR On Mortgage Loan Book (Nationwide Average)	%		47%	54%	58%	61%	65%	65%	68%	72%
Number Of Mortgage Loans	<i>mil</i>	0.47	0.71	0.75	0.77	0.81	0.84	0.83	0.82	0.81
Average Size Of Mortgage Loan	<i>USD</i>	15,489	14,910	14,284	18,282	22,542	24,554	25,338	25,740	21,689
Households With Mortgage Loan (As Of Total)	%	12%	18%	19%	20%	20%	21%	21%	20%	20%
Number Of Mortgage Loans (As Of Housing Stock)	%	11%	17%	18%	18%	19%	20%	19%	19%	19%

Source: World Bank, National Statistical Office, National Central Bank, OECD, United Nations, Helgi Analytics calculation. For more details, description and explanation of particular indicators, please, visit [www.helgilibrary.com](http://www.helgilibrary.com)

MACROECONOMIC ROUND-UP		2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP	USD bil	83.5	101.9	110.3	112.5	136.1	154.2	126.6	128.6	140.0
GDP Growth	%	3.9%	4.8%	4.0%	3.9%	0.1%	0.9%	-6.8%	1.3%	1.7%
GDP Per Capita	USD	8,247	10,085	10,937	11,174	13,535	15,365	12,635	12,863	14,044
Industrial Production Growth	%	6.9%	7.8%	6.8%	9.9%	7.9%	-0.1%	-17.6%	10.6%	5.4%
Retail Sales Growth	%									
Government Budget Balance (As % Of GDP)	%	-7.2%	-6.4%	-7.9%	-9.4%	-5.1%	-3.7%	-4.5%	-4.3%	4.2%
Public Debt (As % Of GDP)	%	58%	59%	62%	66%	67%	73%	80%	81%	81%
Unemployment Rate	%	5.9%	6.1%	7.2%	7.5%	7.4%	7.8%	10.0%	11.2%	10.9%
Gross Average Monthly Wage	USD	698	864	936	935	1,143	1,313	1,133	1,111	1,174
Foreign Debt (As % Of GDP)	%	70%	80%	77%	118%	130%	145%	188%	161%	
Imports (As % Of GDP)	%	65%	67%	68%	79%	80%	81%	73%	80%	85%
Exports (As % Of GDP)	%	61%	63%	66%	78%	81%	82%	78%	87%	92%
Current Account Balance (As % Of GDP)	%	-8.0%	-8.6%	-7.6%	-7.6%	-7.3%	-7.4%	-0.2%	1.2%	1.4%
Foreign Exchange Reserves (Including Gold)	USD bil	12.8	16.0	18.6	21.6	24.1	33.9	44.2	45.0	48.8
Foreign Exchange Reserves (As % Of Imports)	%	23%	23%	25%	24%	22%	27%	48%	44%	41%
Foreign Direct Investments	USD bil	2.2	4.3	8.5	18.7	70.6	75.0	-3.0	-20.7	9.6
Foreign Direct Investments (As % Of GDP)	%	2.6%	4.2%	7.7%	16.6%	51.9%	48.6%	-2.3%	-16.1%	6.9%
Foreign Direct Investments (As % Of CA Deficit)	%	33%	49%	102%	217%	713%	657%	-1531%	1313%	-490%
Workers' Remittances, Received (As % Of GDP)	%	0.4%	1.7%	1.7%	1.8%	1.7%	1.6%	1.7%	1.7%	1.7%
Portfolio Investments (As % Of GDP)	%	3.5%	6.7%	4.1%	5.6%	-1.7%	-2.0%	-4.1%	-0.3%	6.2%
Development Assistance (As % Of GDP)	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

INFLATION, FOREX & INTEREST RATES		2003	2004	2005	2006	2007	2008	2009	2010	2011
Inflation, CPI (Average)	%	4.4%	6.8%	3.6%	3.9%	7.9%	6.1%	4.2%	4.9%	3.9%
Long-Term Interest Rate (10-Year Gov. Bond Yield)	%	6.8%	8.3%	6.6%	7.1%	6.7%	8.2%	9.1%	7.3%	7.6%
Short-Term Interbank Interest Rate (3-Month)	%	8.2%	11.3%	7.0%	6.9%	7.6%	8.9%	8.5%	5.4%	6.0%
Interest Spread To USD, 10-Year Gov. Bond	%	2.8%	4.0%	2.3%	2.3%	2.1%	4.6%	5.9%	4.1%	4.8%
Interest Spread To USD, 3M IBOR	%	7.0%	9.7%	3.5%	1.7%	2.3%	5.7%	7.5%	4.8%	5.6%
FX Rate To USD (Average)	per USD	224	203	200	210	184	172	202	208	201
FX Rate To EUR (Average)	per EUR	253	252	248	264	251	252	280	275	279

Source: World Bank, National Statistical Office, National Central Bank, OECD, United Nations, Helgi Analytics calculation. For more details, description and explanation of particular indicators, please, visit [www.helgilibrary.com](http://www.helgilibrary.com)



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Helgi Analytics also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 95% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit [www.helgilibrary.com](http://www.helgilibrary.com) or contact us at [info@helgianalytics.com](mailto:info@helgianalytics.com).

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