Limited progress has been made in addressing the 2025 country-specific recommendations. In 2025, Hungary received country-specific recommendations on targeting support measures in the housing sector at low-income households and increasing the housing supply, also for social housing. Some measures have been put in place but their potential to successfully target low-income households and social housing is questionable given that the proportion of social housing stock is low and declining.

As housing policy in Hungary has been oriented towards homeownership, there is no national social rental housing policy. Ownership-oriented policies have inadvertently boosted demand and prices without expanding supply.

House prices have increased faster than in any other EU country and rents have also risen sharply, outpacing wage growth over the last decade. Many households – including middle-income families – spend a high proportion of their income on housing, pushing large numbers into housing cost burdens or housing poverty.

Hungary lags significantly behind in building new homes. The shortage is especially acute in urban centres and industry hotspots, where the limited supply drives demand and pushes prices up further.

Housing affordability challenges disproportionately affect vulnerable groups. The house-price-to-income levels are among the highest in the EU. The proportion of people who spend over 40% of their disposable income on housing costs has also increased and now exceeds the EU average of 8.2%. Arrears are driven by utility bills.

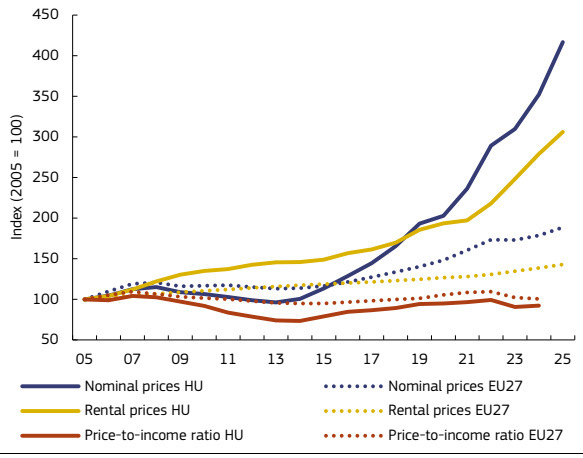
Housing quality has improved overall, but severe housing deprivation is still relatively high and the energy efficiency of dwellings of low-income families is poor. Energy poverty is relatively low, yet people with an income under the poverty threshold were four times more likely to be unable to keep their homes adequately warm than those with a higher income.

Housing market developments

Over the past decade, house prices increased significantly. In 2013-2024, nominal house prices grew by 265%, the largest increase in the EU (Graph A16.1). In 2025, the nominal house price growth attained 18.3% year on year. Regional differences in house and rental price levels remain pronounced. The growing difference between housing prices and rents (29.7% in 2023, 37.4% in 2025) indicates an overheated housing market.

Subsidised mortgage schemes supported affordability but fuelled overvaluation in recent years. The price-to-income ratio increased by 16.7% in 2015-2024 (EU average: 5.6%). The proportion of household income spent on interest payments stood at 1.7% in 2024, below the 2000-2024 average of 2.7%. This can be attributed to preferential mortgages. However, the overvaluation gap at country level reached 22% in 2025 (based on the standard European Commission methodology).

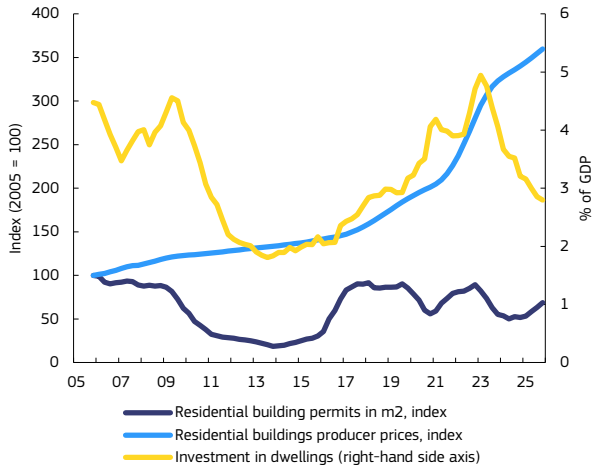
Graph A16.1: **House prices, rents and price-to-income evolution in HU and EU27 since 2005**



Source: Eurostat

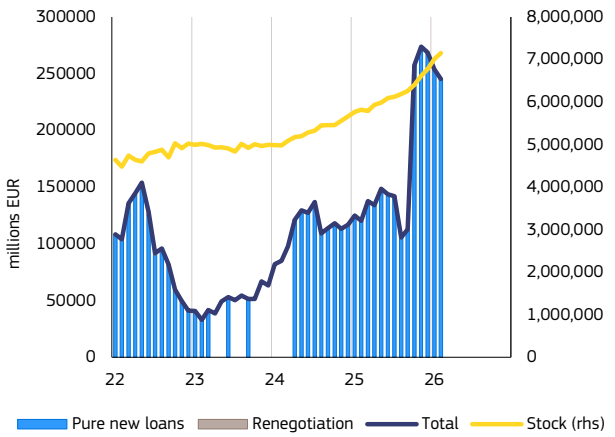
The construction of new homes rose strongly until 2023, but productivity in the construction sector remains low. Productivity in construction, measured by gross value added per worker, has been consistently low, averaging ~30% below the economy-wide average over the past decade. Productivity in construction is also well below the EU average, in spite of a moderate convergence in real terms, improving from 28% of the EU average in Q4-2016 to 43% in Q3-2025.

Graph A16.2: **House supply indicators in HU since 2005**



Source: Eurostat

Graph A16.3: **Bank loans to households for house purchase**



Source: MNB

Strong housing demand together with limited supply has recently led to further increases in house prices. By 2024, with more accommodative financial conditions and the introduction of the Family Housing Subsidy (CSOK+) facility, there was a rebound in housing demand, which was further boosted in 2025 by the Home Start programme ([383]) (Graph A16.3). Demographic trends and a large housing stock of 4.6 million dwellings mean that the housing construction gap is rather low, at 38 684 dwelling units needed by 2035 ([384]). However, most demand is concentrated in the capital and metropolitan region, which lack sufficient supply.

Structural policies

A new set of national building and planning rules are helping to streamline administrative procedures. Hungary has applied new administrative rules to speed up the approval of large residential developments linked to its affordable housing loan schemes (e.g. the Home Start programme). In addition, a new set of national building and planning requirements (Településrendezési és Építési Követelmények Alapszabályzata) has been implemented in an attempt to reduce uncertainty for builders and investors by modernising the regulation of construction in Hungary.

While different housing-related tax incentives exist, only a handful of them affect housing costs. Housing-related tax incentives are a mix of targeted VAT reductions, limited transfer tax reliefs, employer benefit provisions and associated family/housing subsidy structures. The tax system currently includes a handful of tax-related incentives and preferential treatments that affect housing costs, though many are tied into broader family support or employment benefits, and not specifically structured as an affordable housing tax policy.

There is no nationwide rent control law that caps rents or regulates increases on a broad basis. For rent contracts in general, landlords and tenants rely mainly on private contracts, market conditions and general civil law. For short-

([383])MNB November 2025 Housing Market Report.

([384])Balouktsi et al. (2026) Housing investment needs in the EU, JRC Technical Report 144703.

term rentals, Budapest and some municipalities have begun to tighten rules by applying moratoriums, bans or limitations on new short-term rental registrations.

Measures that lower borrowing costs and entry barriers aim to make mortgages more accessible, especially for middle-income and young buyers with own resources. Legislative changes that would allow mortgage on new builds to be registered earlier in the process are expected to boost real-estate development and help buyers access subsidised loans. However, support for home ownership through subsidies and tax incentives tends to inflate property prices by increasing buyer demand without expanding supply at the same pace.

Local governments have discretion over how to address affordable housing locally. Budapest stands out as the most active with measures to improve housing affordability. These measures include proposals for programmes (e.g. municipal housing agencies) using public and existing private housing assets to increase the number of affordable dwellings for residents. The capital also has district level housing policies that indirectly affect local housing supply and cost.

Structural issues, affordability pressures, regulatory and policy gaps and demand-supply mismatch make the development of social and affordable housing a challenge. Social/municipal housing made up only 0.8% of the housing stock in 2024. 30-35% of the population experiences housing poverty by at least one of the standard indicators ([385]) and a 'generation rent' (young people ending up renting as they cannot afford to buy) is emerging ([386]).

There is a significant proportion of vacant houses that often need major quality improvements before they can be put back on the market. These 570 000 vacant homes represent 12-13% of the total housing stock ([387]). Many of these dwellings are in poor condition or are in areas where demand is low, which makes the existing stock hard to use for affordable housing without investment. Municipalities often lack funding or legal tools to expand or renovate social housing. Regulatory hurdles may make it difficult to repurpose empty buildings into affordable units, strategic coordination between national and local housing programmes is rare.

No central housing strategy has been adopted. While it appears that a formal strategy was drafted in 2024, it has not yet been published.

Current central housing policy prioritises expanding homeownership through ad hoc measures such as subsidised loans and financial incentives. The Housing Capital programme, launched in March 2025, is expected to boost supply by 5 000 new apartments, rental apartments and dormitory units a year. The Home Start programme ([388]), launched in September 2025, boosts demand by first-time buyers under the age of 40. Any project with at least 250 apartments, of which at least 70% meet the criteria of the Home Start programme, can become a priority national economic investment. The eligibility criteria are much less stringent than those of previous government incentive programmes.

Support under the Recovery and Resilience Facility (RRF) and cohesion policy programmes has not been fully delivered. The RRF and the cohesion policy programmes (the European Social Fund Plus (ESF+) and the European Regional Development Fund (ERDF)) provide support of around EUR 430 million, an amount that is expected to be reduced. The '300 settlements' programme includes improving living conditions, however the initially planned 2 000 non-segregated dwellings do not seem to have been achieved and some houses were built in segregated areas. In addition, the ESF+ and ERDF can help to improve housing conditions and help people to move to integrated areas. In 2025, a new measure to support affordable and social housing targeting people with disadvantages was planned under the Territorial and Settlement Development Operational Programme.

([385])Habitat for Humanity 2025, Éves lakhatási jelentés.

([386])Csizmady, Kőszeghy (2022) 'Generation Rent' in a Super Homeownership Environment: The Case of Budapest.

([387])Habitat for Humanity 2025, Social housing and empty spaces landscapes in Hungary.

([388])About Hungary - Government publishes draft decree on Home Start Programme

Vulnerable groups

Access to affordable housing remains out of reach for those most in need. The housing cost overburden rate decreased from a higher than EU average level (9% in 2024) to 5.3% in 2025 vs the EU average of 7.7% ([389]). Nevertheless, it remains among the highest in the EU for tenants paying the market price (8.4%) as well those renting at reduced prices (13.3%). People at risk of poverty, single-parent households, people with disabilities and Roma are disproportionately overburdened by housing costs. There has been no targeted support in recent years to help low-income groups and young people to access housing. In 2024, half of the housing loans went to households in the highest income quintile, suggesting that the loan-based measures are not effectively supporting lower-income households ([390]). Housing programmes announced in 2025 did not improve the situation.

Rising housing prices negatively affect the most vulnerable. The number of dwellings owned by municipalities has been decreasing, falling below 100 000 in 2024 for the first time (-76 percentage points since 2000). The proportion of municipality-owned dwellings available for social rent is also decreasing (1.3% in 2016 vs 0.8% in 2024). At the same time, the number of children in temporary accommodation for families has been increasing (6 422 in 2019 vs 7 005 in 2024 ([391])) indicating that an increasing number of families is facing housing difficulties.

Homelessness is gradually increasing and targeted measures to eradicate long-term homelessness are lacking. In 2024, 9 448 people were accommodated in long-term or temporary homes for homeless people ([392]). People often become homeless owing to arrears in utility bills and informal rental. It has been reported that a quarter of the homeless might be 60+, and that half of the homeless under 30 were in institutional foster care earlier ([393]). In 2024, an estimated 30-40 000 people were homeless ([394]). Hungary lacks a statutory mechanism requiring a national street count or homelessness registry. Homelessness remains a problem owing to a lack of social housing supply, dedicated homelessness prevention measures and housing-led policies.

Access to suitable housing remains significantly more difficult for Roma people. 47% of Roma live in dwellings with poor conditions (the EU average is ~18%). Overcrowding (83%) is extremely high ([395]). A large proportion of Roma live in segregated settlements and neighbourhoods with poor infrastructure and insecure tenancy conditions, limiting their access to jobs, education and services. Inadequate integration services and social housing further exacerbate their segregation, and geographical mobility is limited. In 2025, local decrees that put administrative restrictions on the settlement of disadvantaged people ('local identity protection') made this situation worse.

People with disabilities and older people with low income face significant structural, financial and accessibility barriers to accessing suitable and independent housing, in particular, in the private housing market. The quality of housing and access to a home depend to a large extent on the person's financial situation, i.e. whether they are able to finance accessibility measures or whether their family can provide financial support. In addition, access to appropriate housing support is very limited and the de-institutionalization approach is missing.

([389])The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

([390])penzugyi-stabilitasi-jelentes-2025-majus.pdf.

([391])KSH 25.1.2.3. Gyermekek és családok átmeneti otthonaiban az év folyamán ellátott gyermekek vármegye és régió szerint.

([392])KSH 25.1.1.31. A tartós bentlakásos és átmeneti elhelyezést nyújtó szociális intézményekben ellátottak ellátási típusonként.

([393])Utcáról Lakásba Egyesület. 2025, A 30 év alatti hajléktalan emberek között minden második állami gondozott volt.

([394])OECD, 2024 Hungary (EN).

([395])FRA Rights of Roma and Travellers in 13 European countries - Perspectives from the Roma Survey 2024.

Graph A16.4: **Housing affordability selected indicators**

		EU27				HU							
	unit	2000-25 avg.	2023	2024	2025	2000-25 avg.	2023	2024	2025	unit	2023	2024	2025
House price to income ratio	*2000-25 avg = 100*	100.0	102.0	100.2		100.0	97.3	99.3		YoY%	-8.9	2.0	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	73.1	73.5	75.5	YoY%	-2.8	0.6	2.7
Overburden rate, total	%	9.9	8.8	8.2		9.8	7.3	9.0	5.3	PPS/y	-0.8	1.7	-3.7
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		37.6	38.7	43.8	38.4	PPS/y	18.7	5.1	-5.4
Overvaluation gap	%					1.3	11.1	12.8	22.0				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	112.6	144.1	146.2	148.0	YoY%	-2.3	2.1	1.8
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	292.7	260.6	240.5	325.8	YoY%	-38.9	-7.7	35.5
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	3.5	4.1	3.2	2.8	YoY%	-12.8	-22.0	-12.5
Share of ownership	%	70.0	69.1	68.4		89.0	90.5	91.6	89.8	PPS/y	0.3	1.2	-2.0
Share of people living in overcrowded homes	%	17.7	16.8	16.9		34.7	15.5	14.6	14.6	PPS/y	-1.5	-0.9	0.0

Source: Eurostat and European Commission calculations. The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.