Hungary

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IN A NUTSHELL

- → The Home Start subsidised mortgage programme was launched in September 2025 to help first-time buyers with a 3% subsidised interest rate. It has significantly increased total lending.
- → House price growth exceeded 20% towards the end of 2025.
- → Housing completions were at a 10-year low, with only 12,000 new dwellings, but the number of permits issued increased by 37%.
- → The new government plans to introduce a new housing programme, which is currently in preparation.

MACRO-ECONOMIC OVERVIEW

In 2025, GDP grew by 0.5% according to raw data and by 0.3% according to calendar-adjusted data compared to the previous year.

From the production approach, the value added of construction increased by 3.0% and that of services by 1.2%, while the value added of industry declined by 2.4% and that of agriculture by 4.3%.

From the expenditure approach, the actual final consumption of households grew by 2.7% and the actual final consumption of the government by 2.2%, and as a result, the volume of actual final consumption increased by 2.6%.

The volume of domestic consumption expenditure of households grew by 3.3%. Broken down by durability groups, the volume increased in all groups: by 6.3% for durable goods, by 3.5% for semi-durable goods, by 2.7% for non-durable goods, and by 3.3% for services.

The unemployment rate at the end of the year was 4.4%, up from 4.3% a year earlier (after seasonal adjustment, both were 4.5%).

Inflation was 4.5% in 2025 (3.7% in 2024). Food prices grew by 5.3%, services by 6.7%, tobacco and alcoholic beverages by 6.5%, clothing and footwear by 1.8%, durable consumer goods by 2.2%, and household energy prices by 6.4%.

The deficit of the general government sector was HUF 4,059 billion, representing 4.7% of GDP. The debt of the general government sector at year-end, based on data from the National Bank of Hungary, was HUF 64,912 billion, equivalent to 74.6% of GDP.

LOOKING AHEAD

There were parliamentary elections in April 2026. The new Tisza government has announced that it will change housing policy in the coming period. Energy efficiency and housing affordability will be priorities. The focus on home ownership will likely include maintaining the Home Start programme, which helps first-time buyers.

HOUSING MARKETS

Hungary had a population of 9.489 million and a stock of about 4.615 million housing units at year-end. The homeownership ratio was the third highest, after Romania and Slovakia, in the CEE region, at 92% in 2024, according to Eurostat. Although the economy did not perform very well in 2025, declining inflation, growing real disposable household income, and especially the subsidised mortgage programmes (CSOK Plus and the Home Start Programme, introduced in September 2025) helped the growth of the mortgage market during the year.

Although the mortgage programmes helped mortgage lending and stimulated the number of transactions, the market for newly built dwellings declined in 2025 compared to 2024.

At the same time, the number of building permits granted during the year, at 28,081, was 37% higher than in 2024 (20,494). Completions were only 12,062, almost 10% down from the also very low figure of 13,295 in 2024. Completions have been falling since 2020, when there were 28,208 new dwellings coming to the market. In Budapest, the number of new building permits issued was 10,959, representing a 56% increase compared to 2024 (7,027). The number of completions in Budapest decreased by 14% to 3,949, from 4,607 in 2024.

Home price growth accelerated towards the end of the year and, on a year-on-year basis in nominal terms, it exceeded 23%, based on estimates by the Hungarian National Bank. In real terms, the growth was 18.3%, which was a record over the last 25 years. Annual house price growth was even higher in the big cities. According to calculations by the Hungarian Statistical Office (KSH), annual growth in Budapest exceeded 23%, while it reached 24.2% in Debrecen and 25.6% in Szeged.

Debrecen and Szeged have become centres for several new industrial projects, which explains their higher price growth.

The KSH (Hungarian Statistical Office) measures separately the price growth for new and second-hand dwellings. The year-on-year growth for new dwellings in Q4 2025 was 7.3%, whereas the price index for second-hand dwellings was 23.2% higher at the end of 2025 than at the end of 2024.

According to estimates by the National Bank of Hungary, the number of housing transactions (new and second-hand dwellings) exceeded 150,000 in 2025.

MORTGAGE MARKETS

MARKET DYNAMICS

Following the 11% increase in the outstanding mortgage volume in 2024 compared to the previous year, there was even more dynamic growth in 2025.

The total outstanding residential loan portfolio grew by 17% compared to the previous year-end figure and stood at HUF 7,434 billion at year-end. The growth was exceptionally high in Q4, thanks to the new Home Start Programme, which was officially launched in September but first contributed to the high monthly mortgage output in October. As a result, mortgage lending activity more than doubled in the last three months of 2025. The quarterly amount of new mortgage lending disbursed was also the highest recorded over the past 20 years of Hungarian mortgage lending.

The new programme had a very significant effect on the mortgage market. In the short-term, it significantly improved affordability for eligible buyers, since the interest rate was capped at 3%, compared to market rates of 6.5–7%. However, it has also affected house price growth, especially in the big cities, due to increasing demand. The overwhelming majority (approximately 90%) of the Home Start loans were used for the acquisition of second-hand dwellings. Total household debt to GDP in 2025 was 21.7%, while mortgage debt to GDP increased to 8.1% (7.0% in 2024). These figures are still among the lowest in the region and are far below the EU average. The NPL ratio for housing loans decreased to 1.4% in 2025. Due to the persistent rise in house prices in recent years, and also due to higher LTV limits for first-home buyers and for energy-efficient mortgages, the median LTV ratio for newly disbursed mortgage loans increased from 53% to 65% on average towards the end of the year. The volume of mortgages with an LTV above 80% increased compared to the previous year, from 6% to 26%, and at the same time, the proportion of mortgages with an LTV lower than 50% decreased in 2025.

MORTGAGE FUNDING

Most mortgage funding comes from deposits, but covered bonds are also commonly used. By year-end, more than 30% of residential loans were funded through covered bonds. Act XXX on Mortgage Banks and Mortgage Bonds, approved by Parliament in 1997, contributed significantly to the establishment of the covered bond market. In April 2017, the Mortgage Funding Adequacy Ratio (MFAR) was introduced by the National Bank of Hungary, requiring commercial banks to finance initially 15% of their mortgage loans with long-term securities. The ratio was increased to 20% in October 2018 and to 25% on 1 October 2019. Hungarian covered bonds comply with the European Covered Bond and European Covered Bond Premium criteria. The outstanding amount of covered bonds was HUF 2,237 billion (EUR 6.2 billion) at year-end. EUR 1,100 million was denominated in EUR, with the rest denominated in HUF. Presently, there are five mortgage banks in Hungary, all belonging to the largest commercial banks. Only one of the five mortgage banks is engaged in direct mortgage origination; the other four mortgage banks mainly refinance commercial banks' residential mortgage portfolios.

GREEN FUNDING

In July 2021, the preferential treatment of green funds in the MFAR (Mortgage Funding Adequacy Ratio) came into force, contributing to the issuance of the first domestic green mortgage bonds. With the start of the MNB's Green Mortgage Bond Purchase Programme, green mortgage bond issuance started in the summer of 2021, and by June 2022, all five mortgage banks were present in the green mortgage bond market. At the end of 2025, the volume of green covered bonds outstanding was HUF 292.2 billion (EUR 811 million), approximately 13% of all Hungarian covered bonds.

In 2021, to encourage green lending, the National Bank published the Green Preferential Capital Requirement Programme for housing loans (also available for corporates and municipalities). Under the Programme, capital relief is available for lending institutions on their mortgage loans and personal loans, or on loans for modernising residential buildings.

A new home renovation interest-free loan programme, combined with grants from EU funds, was introduced in the summer of 2024 exclusively for the energy efficiency modernisation of detached houses. The allocated amount of HUF 108 billion had been exhausted by April 2026, so the programme ended and no new applications were accepted. The programme made possible the energy-efficient renovation of approximately 20,000 homes.

	HUNGARY 2024	HUNGARY 2025	EU 27 2025
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)*	0.7	0.5	1.5
Unemployment Rate (LSF), annual average (%) (1)	4.5	4.4	6.0
HICP inflation (%) (1)	3.7	4.5	2.0
HOUSING MARKET			
Owner occupation rate (%) (1)	91.6	89.8	68.5
Gross Fixed Investment in Housing (annual change) (1)	-8.6	-3.1	2.8
Building Permits (2015=100) (2)	163.8	224.4	86.9
House Price Index - country (2015=100) (1)	356.6	376.83	161.92
House Price Index - capital (2015=100) (2)	344.6	425.26	n/a
Nominal house price growth (%) (1)*	12.0	5.68	5.5
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (1)	15,450	17,490.93	5,617,435.11
Outstanding Residential Loans per capita over Total Population (EUR) (2)	1,612	1,833.53	12,472.10
Outstanding Residential Loans to disposable income ratio (%) (1)	12.42	12.66	81.39
Gross residential lending, annual growth (%) (1)	95.5	54.6	2.8
Typical mortgage rate, annual average (%) (2)	7.3	6.5	3.31

(1) Eurostat Data
(2) European Mortgage Federation – Hypostat 2026, Statistical Tables
* Eurostat Reviewed
** EU 2025 to be confirmed

HUNGARY FACT TABLE

Which entities can issue mortgage loans in your country?	Banks, specialised mortgage banks, housing savings cooperatives, and financial companies (mortgage houses) can issue mortgage loans in Hungary.
What is the market share of new mortgage issuances between these entities?	In proportion to the total volume issued in 2025 commercial banks issued 61.7%, mortgage banks 33%, housing savings cooperatives, 5.3% of the new mortgage issuances.
Which entities hold what proportion of outstanding mortgage loans in your country?	Commercial banks hold 60.7%, mortgage banks 31.8% and housing saving cooperatives hold 7.5% of the outstanding mortgage loans
What is the typical LTV ratio on residential mortgage loans in your country?	The median LTV ratio is 65% on new residential mortgages. Banks can grant mortgages generally up to 80% LTV without additional collateral. An LTV of up to 90% is allowed for first-home buyers and for homes with high energy efficiency (green loans).
How is the distinction made between loans for residential and non-residential purposes in your country?	Housing loans are classified by their stated purpose, such as construction, purchase or renovation of a dwelling. The wider residential mortgage category may also include general-purpose loans secured on residential property. Buy-to-let mortgages to households are not separately identified in the available statistics, while loans to companies for residential property investment are classified as corporate lending.
What is/are the most common mortgage product(s) in your country?	The most typical mortgage product is a housing loan granted by commercial banks and mortgage banks for the purchase of a flat or house.
What is the typical/ average maturity for a mortgage in your country?	In 2025, the average maturity for a mortgage loan for construction purposes was 19.4 years; for new dwellings, 20.1 years; for existing dwellings, 18.8 years; and for refurbishment, 8.9 years.
What is/are the most common ways to fund mortgage lending in your country?	The most common way to fund mortgage lending is through funding from deposits, but covered bonds are also used for mortgage loan funding. Since April 2017, commercial banks must adhere to a new regulation introduced by the National Bank of Hungary. The regulation requires that a certain proportion of all outstanding residential mortgage loans be funded or refinanced through mortgage bonds. The ratio is called the Mortgage Funding Adequacy Ratio (MFAR), and it was initially set at 15%. From October 2019, the ratio increased to 25% and remained at this level in 2025.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	A transfer (stamp duty) tax of 4% is to be paid by the buyer to the National Tax and Customs Administration. The rate of duty is 2% for the value over HUF 1 bn (EUR 2.8 mn) per property. Buyers may be entitled to certain reliefs. Legal fees may range from 0.5–1% of the property price, usually paid by the buyer. When the property is sold through a real estate agency, a further 3-5% is generally paid by the seller. Buying a newly built flat is subject to a preferential VAT payment of 5% (instead of the 27% VAT applied on most consumer prices and services). The easing of the preferential VAT payment is valid until end the of 2026.
What is the level (if any) of government subsidies for house purchases in your country?	• In 2025 from the total outstanding mortgage portfolio 26.8% consisted of subsidized mortgage loans. New mortgage lending grew significantly in 2025 compared to the previous year. The volume of newly issued subsidised loans for house purchase increased from HUF 339 billion in 2024 to HUF 894 billion in 2025, while the volume of non-subsidised loans increased from HUF 1,007 billion to HUF 1,057 billion. While market-priced housing loan issuance did not change significantly in 2025, the volume of subsidised loans almost tripled during the year. • The most significant housing subsidy loan program in Hungary, introduced in September 2025, and was aimed at first home buyers, is the Home Start Program. The Home Purchase Subsidy Plus (CSOK+) program, introduced in 2024 and focused on families with children, is also available. • Apart from the CSOK programmes, the Prenatal Baby Support programme (an unsecured, interest-free loan facility of up to HUF 10 million) also helps to support house purchase by families and first-time buyers.