

Abstract

The development of residential house prices has been watched since the global economic crisis in 2008, because overpriced house prices and their following burst was one of the main factors of this crisis. The goal of this work is to analyse the influence of macroeconomic factors on house price growth in ten Central and Eastern European countries since the beginning of the third millennium. The main used methods are P/I and P/R ratios, graphical comparison of price leader effect of the capital city, and house price development and panel data analysis. P/I and P/R ratios show a slowly forming bubble in some countries, but they still do not reach pre-crisis values. Graphical analysis of the price leader effect confirmed the leader effect of the capital. Panel data analysis with fixed effects method was divided into several parts according to the frequency of the data and geographical relationship between countries. Analysis shows connection between house prices and economic growth, real wages and unemployment rate. In some regions, analysis points to the influence of the demographic factors or financial market development. Diversity of the results is caused by the fact that house prices are determined by different factors in different regions. Issues with the data also play some role in these differences.

Keywords

residential housing prices, panel regression, fixed effects, Central and Eastern Europe, housing market