Abstract

This thesis investigates the housing price determinants and possibilities of housing price bubbles in the residential real estate markets of Central and Eastern Europe before and during the economic crisis of 2007-2009. Using data from international institutions, national central banks and national statistical offices three quantitative methods are applied. Price-to-income ratios suggest housing price bubbles that were eliminated during the crisis in three out of five countries covered. Second approach of simple panel data models sheds additional light on housing price bubbles and indicates GDP growth, unemployment and average real wage as the main determinants of housing prices in the region. First indication of severe housing price persistence in CEE is demonstrated by the results of the models as well. More reliable results for housing price determinants are obtained from variance decomposition and impulse response functions of vector autoregression models. Each country is modeled separately and substantial differences exist between the countries. Poland is the only country that does not exhibit housing price persistence and dynamics in Austria are less volatile as compared to the new EU members in the sample.

JEL Classification	G12, E39, R21, R31, R32
Keywords	residential real estate, housing price bubble, housing price determinants, price-to-income ratio, VAR

Author's e-mail	martin.hrachovec@gmail.com
Supervisor's e-mail	vacek@fsv.cuni.cz