

## **Abstract**

Housing market was considered stable until housing prices in many countries after global crises rapidly decreased. Still the development of housing prices and its determinants are unique for every country. The goal of this work is to find the factors that affect the housing prices in the Czech Republic using endogenous models. This type of econometric models enables to explore both short and long term relationships. The theoretical part of the work focuses on housing prices monitoring issues and the specific price development in the Czech Republic in comparison to other countries. Furthermore different level and development of housing prices in Prague are discussed. Due to this fact two types of tests are used - for the Czech Republic as a whole and for Prague separately. The variables housing loans included are based on previous results of Czech as well as foreign studies. Thanks to detected long term relationships an endogenous VECM model can be applied. It confirms bidirectional influence of housing prices and housing loan volume. This relationship could not have been analyzed so far due to relatively short time series which limit the choice of particular models. My results suggest that growth in housing loan volume causes an increase in housing prices with more than one year delay. This effect exists also in the reverse direction and it is permanent in the Czech Republic as well as in Prague.