

HOUSING AVAILABILITY IN SLOVAKIA AND THE IMPACT OF SOCIO-ECONOMIC FACTORS

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ABSTRACT

The current turbulent development in the real estate market, not only in Slovakia but throughout Europe, is caused by several crises that have a global impact and partially resemble the situation in the market 15 years ago. One factor that negatively affects the real estate market in Slovakia is the lack of residential real estate. In the long term, the demand for housing significantly exceeds the supply of apartments. This article analyzes the prices of real estate intended for housing in Slovakia. It defines economic, demographic and social factors that have a significant impact on the development of real estate prices. The methodology of statistical data collection differs considerably in the developed countries of the EU. Central banks establish a base interest rate, serving as a benchmark for commercial banks to set their lending rates. While short-term interest rates are closely tied to central bank decisions, long-term interest rates are influenced by market expectations regarding economic conditions and inflation. Rising prices reduce the affordability of housing. If housing prices rise faster than incomes, fewer people can afford to buy or rent property. The average Slovak needs 14 years' worth of salary to buy an average apartment. For instance, if markets anticipate a central bank rate hike due to rising inflation, long-term rates may increase in advance. Development modeling is possible, for example, using correlation and regression analysis, which is well known.

Keywords: residential real estate prices, housing affordability, correlation analysis, regression analysis, Slovakia

INTRODUCTION

The real estate market is a specific branch of the national and global economy. The specific nature of information defining the real estate market and real estate is related to the availability and inaccuracy of real estate information, sudden and unpredictable changes that often occur in real estate analyses, and their location [1]. In recent months, there has been a certain decrease in real estate prices in the Slovak Republic. Nevertheless, several experts believe that the decline will not be as sharp as that experienced by the owners of houses and apartments during 2008. According to [2], the specific nature of the real estate market together with unpredictable and sudden changes makes any investment made in the real estate market burdened with considerable risk and uncertainty. Uncertainty of decisions on the real estate market results from, among other things: emotions [3], instability of real estate attributes, non-uniformity of information, non-uniform access to information, deficiencies in the cognitive abilities of