

Challenges and Opportunities in Housing Affordability and Household Indebtedness: A Case Study of Slovakia

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Abstract:

The Slovak housing market has undergone significant transformations influenced by historical, economic, and policy-driven factors. This paper examines the impact of rising real estate prices, interest rates, and household indebtedness on housing affordability in Slovakia. The post-1989 shift from state-supported housing to a market-driven system has exacerbated challenges for young families, low-income groups, and urban residents. Recent trends, including increasing real estate prices and inflation, have compounded affordability issues, driving up household debt, particularly through mortgages. The analysis highlights key determinants of housing affordability, such as rising property costs, income inequality, and the financial burden of housing expenses. Policy measures, including stricter lending regulations and adjustments to repayment structures, aim to address these challenges. However, the lack of rental housing, especially for middle-income families, and regional disparities remain significant obstacles. The authors conclude that without substantial investment in affordable rental housing and measures to curb real estate speculation, the housing crisis in Slovakia may deepen, posing risks to economic stability and social equity. Addressing these issues requires coordinated efforts in housing policy, financial regulation, and social support systems.

Keywords:

Housing affordability, household indebtedness, real estate prices, rental housing.

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