Abstract

Fundamental determinants of housing prices which affect housing demand and supply are the most common in developed countries. These are economic and financial determinants as well as demographic indicators. However, housing price analysis in less developed countries submit controversial and not sufficient results about the impact of interest rate, inflation and unemployment. Moreover, it does not investigate the influence of demographic variables and the means of economic policy. In this article the effect of GDP, unemployment, inflation, interest rate, emigration and the means of macroprudential policy on housing prices in Lithuania was evaluated. The results showed that inflation, interest rate and emigration are not causal determinants of housing prices, which mostly depend on GDP, unemployment, the means of macroprudential policy and the average housing prices in the previous period.

Keywords

Housing price determinants, housing market, macroprudential policy, emigration, transition economy.