

## REVIEW

# THE FINANCIALISATION OF HOUSING AND HOUSING-RELATED FAMILY SUPPORT IN HUNGARY, BY BENCE KOVÁTS (BUDAPEST, AKADÉMIAI KIADÓ, 2023)

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## INTRODUCTION

Bence Kováts's book, *The Financialisation of Housing and Housing-related Family Support in Hungary*, builds on his doctoral dissertation and is driven by a pressing need to better understand the dynamics of commodification and de-commodification in housing, particularly within the context of Central and Eastern Europe (CEE), with a particular focus on Hungary. While global trends indicate a resurgence of commodification in housing, leading to increased reliance on familial support, it is unclear whether similar patterns are evident in the CEE region, where the transition from state socialism to market capitalism has uniquely shaped housing systems. Existing literature has concentrated mainly on high-income countries, creating a gap in understanding how familial support in housing has evolved in countries like Hungary, where historical and socioeconomic contexts differ significantly.

This book aims to fill this gap by examining the relationship between market forces and family support in Hungarian housing – a topic that has been largely overlooked both theoretically and empirically. It specifically focuses on three forms of parental support: intergenerational co-residence, financial assistance for housing access, and labor support in housing construction. To achieve this, the book addresses two key questions: first, how has the frequency and structure of parental support in housing evolved since World War II across different economic cycles, and second, what socioeconomic characteristics of parents

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influence the provision of housing support? The book also engages with broader theoretical frameworks in housing studies, exploring how these findings from Hungary might contribute to global discussions on housing, commodification, and social inequality. Overall, the book offers a detailed analysis of the evolving role of family support in Hungarian housing, contributing to discussions on housing, commodification, and social inequality both locally and globally.

This review aims to provide fellow scholars with a comprehensive overview of the book's purpose, central arguments and findings, and relevance to the existing body of literature. The review is structured as follows: following this introduction, the review presents the author's main findings from the literature, providing a foundation for understanding the book's rich theoretical context. The following sections summarize the key empirical findings on trends and determinants of parental support. The concluding section compares the book's arguments with other works in the field, evaluates its contributions to the literature, and offers general reflections on its impact and significance.

## **PARENTAL SUPPORT IN HOUSING: INSIGHTS FROM EARLIER RESEARCH**

One of the book's key strengths is its thorough review of international and Hungarian literature on parental support in housing, highlighting significant gaps in the studies of Hungarian housing. The book begins by exploring the global increase in parental support for housing, with a particular focus on trends and determinants across various regions, especially in Europe. Recent research highlights a resurgence in parental support for housing. Historically, families were central to housing provision through intergenerational co-residence and self-building. After World War II, state-supported housing reduced this reliance, but since the 1970s, the growing unaffordability of housing, delayed adulthood, and the re-commodification of housing have renewed dependence on family resources. This trend, which intensified after the 2008 financial crisis, reflects a shift towards familialism in housing, with young adults increasingly relying on their families amid restrictive housing markets and rising rents.

The book reviews cross-regional differences and trends in two common forms of family support – intergenerational co-residence and financial assistance. It reveals significant variations across welfare regime clusters, with Southern and Eastern Europe showing high levels of both forms of support, social democratic countries having lower levels, and conservative welfare regimes falling in between. The liberal welfare regime, as exemplified by the UK, mirrors conservative states in terms of co-residence but lacks comparable data on financial support. The book

also indicates an increase in intergenerational co-residence, with some evidence suggesting a rise in financial support based on recent literature. This increase is moderated by macro-level factors such as a favorable labor market and affordable renting. The increase in co-residence is primarily driven by micro-level factors, such as the socioeconomic needs of adult children, and facilitated by parents who can comfortably share their home. On the other hand, financial support is more dependent on the parent's socioeconomic status and may not always be based on need, sometimes serving as a reward for merit. These findings suggest that affluent parents are more likely to provide substantial housing and financial support, reinforcing existing inequalities among young adults, especially in periods of housing financialization.

After reviewing global trends, the book delves into the Hungarian literature on housing-related parental support, revealing a body of work that is predominantly empirical, lacking theoretical integration, and often focuses on specific types of support or within the context of youth studies or intergenerational status transfer. Two contrasting approaches dominate the discussion: the transition and financialization approaches. The transition approach posits that family support in housing grew as a response to the weakening of both state and market housing provisions during Hungary's shift from state socialism to market capitalism, particularly in periods of low commodification. Conversely, the financialization approach argues that increased family support is a consequence of the re-commodification of housing, driven by global financial trends since the 1970s, leading to housing becoming less affordable and state support unequal. Both perspectives acknowledge the significance of family support but differ in their interpretations of its causes and trends, with both lacking substantial empirical evidence to support their claims entirely.

The book underscores the complexity and under-researched nature of intergenerational housing support in Hungary, where empirical evidence remains limited and fragmented. While most studies have focused on specific types of parental support over short periods, comprehensive analyses across various forms of support over extended timelines are rare. However, this book provides a potential overview by synthesizing earlier findings on the three primary forms of parental housing support. Intergenerational housing support in Hungary has evolved significantly over time, shifting from traditional labor-based assistance, like self-building and co-residence, to more financial support due to socioeconomic changes. During the state-socialist era, self-build was common but declined sharply after 1989 due to the halt in urbanization and stricter regulations. Traditional co-residence, rooted in agricultural labor needs, decreased with modernization but was replaced by a new form driven by housing unaffordability, particularly from the 1970s onward. Financial support became

more prevalent in the postwar period and remains widespread today, with many first-time homeowners receiving financial aid from their parents.

The book highlights that labor support in housing construction is most common in villages, with minimal influence from parents' educational or employment status. In the case of intergenerational co-residence, earlier studies indicated that young adults in towns were more likely to live independently than those in Budapest or villages; however, socioeconomic status – especially disadvantaged positions in the labor market – has emerged as a stronger determinant. Regarding financial support, the socioeconomic status of both parents and children plays a significant role, with rural families more likely to provide transfers, reflecting stronger support norms in areas where state housing provision was historically limited. Additionally, the provision of dwellings is less common in families with multiple children remaining in the parental home, likely due to the financial strain of supporting several children.

Building on the gaps identified in the literature review, the empirical analysis section of the book aims to precisely trace the trends in the extent and structure of housing-related parental support across various phases of housing system formation, addressing this under the first research question. Furthermore, it seeks to provide new empirical insights into the micro determinants of parental support, evaluating these findings in the context of the international literature, as outlined in the second research question.

## **TRENDS OF PARENTAL SUPPORT AFTER THE REGIME CHANGE**

The book investigates trends in parental support by visually analyzing the year-by-year provision. Additionally, it explores changes in the proportion of households offering support, the variety of support provided, and the distribution of specific types of assistance across two survey waves. The analysis also includes a descriptive examination of how different types of support are distributed among parental households based on occupational classification and the type of settlement where they reside. It is noteworthy that, beyond its quantitative approach, the book also gathers evidence of long-term trends in housing-related parental support through a qualitative approach in the literature review. The combination of quantitative and qualitative methods is a major strength of the book, offering a comprehensive overview of the most commonly provided forms of intergenerational support over the past decades.

The book reveals several critical developments in long-term trends in housing-related parental support between 2003 and 2015. Although empirical data on

this topic is limited, an analysis of survey data has highlighted significant changes in the types and extent of support parents provide to their adult children. A key finding is the evolving structure of parental support, which has increasingly shifted towards financial assistance rather than labor or temporary accommodation. This shift mirrors broader trends in the housing market, where access to homeownership has become more dependent on market mechanisms, such as mortgages, instead of family-provided labor. The decline in labor support and the rise of financial support suggest that parents are adjusting their assistance methods to align with a more commodified housing market.

Economic cycles, particularly housing market booms and stagnations, have significantly influenced parental support trends. The book shows a strong correlation between housing market booms and increased parental support, as young adults increasingly depend on their families to supplement mortgage financing. Conversely, during periods of market stagnation, there is a notable rise in young adults opting for private rental housing rather than intergenerational co-residence, highlighting the growing financialization of housing access. These findings challenge previous assumptions that the availability of mortgages would lessen the need for parental support. Instead, the evidence suggests that the commodification of housing has intensified the reliance on parental assistance.

Based on these findings, the first hypothesis (*H1*), which suggested that commodification would reduce the need for parental support, was rejected. The data indicates that in the current housing market, young adults are more reliant on their own and their family's resources. In contrast, the second hypothesis (*H2*), which proposed a shift from labor-based to financial support, was confirmed by the evidence. Collectively, these findings provide a comprehensive understanding of how parental support for housing in Hungary has evolved and is shaped by economic conditions, market dynamics, and regulatory changes.

In conclusion, the changing nature of parental support in housing underscores the growing interdependence between familial resources and market-based housing systems. This trend has profound implications for housing policy and the socioeconomic dynamics of family support, particularly as the housing market continues to evolve. Understanding these implications is crucial for policymakers, researchers, and professionals in the fields of sociology, housing policy, and family dynamics.

## **DETERMINANTS OF PARENTAL SUPPORT AFTER THE REGIME CHANGE**

The book examines the micro-determinants of parental support by employing logistic regression to analyze different types of support individually. This analysis draws on microdata on housing conditions from two national surveys conducted by the Hungarian Central Statistical Office (HCSO) in 2003 and 2015. The dataset captures records of housing-related support provided to independently living adult children alongside key socioeconomic characteristics of the parental households. The surveys classify parental support into various categories, such as financial assistance, labor support, and the provision of temporary accommodation. This categorization enables a detailed examination of the factors influencing each type of parental support separately. The empirical analysis finds that socioeconomic factors, especially class and settlement type, are pivotal in determining the provision and nature of parental support. Throughout both periods, class remains a dominant factor in determining the likelihood and type of parental support. High managerial and professional classes consistently have a greater capacity to provide support, highlighting how socioeconomic privileges are preserved and even amplified over time. Settlement type also plays a crucial role, with distinct differences observed between urban and rural areas. In 2003, residents of provincial areas were more likely to provide parental support. However, by 2015, this pattern had changed, possibly due to weakening family ties, changes in rural self-help networks, youth migration, and changes in housing policies.

These results suggest that the ability to provide support – or to choose not to due to a lack of need – has increasingly become a privilege of high-class parents, especially those living in Budapest or owning their homes. This indicates a growing class-based polarization among parent households. This trend challenges the assumptions of the transition approach, which predicted a decline in family support due to the commodification of housing. Contrary to expectations, the findings reveal that the role of higher socioeconomic status in parental support dynamics has not only been maintained but intensified. Between 2003 and 2015, there was a notable increase in the share of parents not providing support due to their children's lack of need, particularly among those with higher socioeconomic status, suggesting that young adults from affluent families could access housing without parental assistance, possibly through easier access to mortgages.

It is worth noting that the findings show the persistent significance of the variables despite the changes in their relationships. Specifically, while the influence of parental socioeconomic status was already substantial in 2003 and seems to have intensified by 2015, this did not lead to a decrease in the importance of other factors, such as settlement type. Even though the relationship between

settlement type and support provision shifted, the overall relevance of these variables remained consistent. As a result, the third hypothesis (*H3*), which proposed that parents' socioeconomic status would have a growing impact on parental support over time while the significance of place of residence would diminish, was not entirely confirmed.

In the next stage of the empirical analysis, four logistic regressions are conducted to examine the types of support provided by support-giving parents. These regressions are performed separately on the 2003 and 2015 datasets to analyze four key categories of support: labor assistance, temporary accommodation, financial aid, and housing provision. The type of support provided by parents has evolved, with labor support becoming less tied to rural traditions and more influenced by class status. This shift reflects broader societal changes, including the reduced significance of traditional forms of support and the increased importance of financial means and investments. The provision of temporary accommodation has also shifted from a broader socioeconomic spectrum to being more associated with urban settings, particularly as real estate prices in cities like Budapest rise. This indicates that economic pressures are increasingly driving the decision to offer temporary living arrangements.

Financial support and the provision of dwellings have become more widespread but remain heavily influenced by socioeconomic status and regional factors. While financial support expanded beyond the highest classes, it still reflects the disparities in access to resources among different socioeconomic groups. The provision of a dwelling, strongly influenced by parental homeownership, often represents a future bequest rather than an immediate transfer. This form of support has evolved into a strategic investment, particularly in urban areas with high housing demand.

The results of hypotheses *H3a*, *H3b*, and *H3c*, which examined the types of parental support, underscore the changing dynamics of parental assistance in Hungary. *H3a*, which posited that labor support in housing construction is primarily determined by rural residence, was partly confirmed. While labor support remains characteristic of rural areas where traditions are more vivid, its provision is increasingly influenced by socioeconomic status rather than traditional factors. For *H3b*, which suggested that intergenerational co-residence is positively affected by home ownership and rural residence but negatively by household or dwelling size and parental income, the results were mixed. While being part of a high social class reduces the likelihood of offering temporary accommodation, the expected positive effects of co-residence conditions are contradicted, as household size and municipal tenancy were found to influence co-residence in 2003 positively. Lastly, *H3c*, which hypothesized a positive influence of parents' socioeconomic status on financial support, was confirmed.

Financial support was initially a privilege of higher classes and owner-occupiers in the early post-socialist period, and over time it became more common, particularly outside Budapest, as housing privatization progressed and market capitalism took hold. However, the increasing role of residence type in financial support patterns remains an area requiring further investigation.

Therefore, the book concludes that significant variations in types of parental support by class and location contribute to housing inequalities, as labor support lacks the strategic advantages of financial aid or property provision. The varying levels of involvement required from young adults in different regions further highlight the socioeconomic disparities between urban and rural households, affecting both the degree of parental control and the autonomy of young adults in securing housing. Examining these patterns and their underlying causes suggests compelling directions for future research.

## DISCUSSION AND CONCLUSION

Bence Kováts' book, *The Financialization of Housing and Housing-related Family Support in Hungary*, examines the role of parent support in housing provision within the context of Hungary's transition from state socialism to market capitalism, focusing on the cyclical processes of commodification and de-commodification, and how they impact housing access. Compared to the broader literature, which also explores familialism (e.g., Allen et al. 2004) and financialization (e.g., Aalbers 2016; Ryan-Collins et al. 2017), Kováts (2023) provides a unique perspective by situating Hungary's experience within its specific historical and socioeconomic context. While prior studies often address similar global trends of housing financialization and growing reliance on family support due to economic pressures and insufficient state intervention (Albertini–Kohli 2013; Lennartz et al. 2016), Kováts (2023) highlights the distinctiveness of the CEE region's protracted transformation, marked by rapid privatization and underdeveloped housing finance systems (Hegedüs–Tosics 1996; Stephens et al. 2015). By combining Polanyian political economy and welfare regime theory with empirical analysis, the book deepens the understanding of intergenerational support in housing within a post-socialist context, thus enriching the discourse on global housing inequality and financialization by focusing on the particularities of Hungary.

The book makes several significant contributions to understanding housing-related parental support in Hungary, mainly in post-socialist transition and commodification processes. Firstly, it addresses a notable research gap by



empirically analyzing changes in the extent, structure, and determinants of housing-related parental support in Hungary since the regime change—an area that has been underexplored in Hungarian housing research. The book provides a comparative perspective by contrasting global trends of re-familialization due to re-commodification with the unique trajectory of CEE, where family support is often viewed as a consequence of the collapse of the state-socialist housing system and its gradual transition to a market economy.

Secondly, the book integrates diverse data sources from different periods, offering a comprehensive analysis of both macro determinants, such as phases of commodification and economic transitions, and micro determinants, such as socioeconomic status and specific types of support (financial, co-residence and labor). This dual approach enables a deeper understanding of how economic and social transformations influence family dynamics and support mechanisms in housing. Additionally, the book contributes by examining the micro determinants of labor support for housing access – a factor rarely considered in studies of high-income countries but which was, until recently, a significant form of parental support in Hungary.

Thirdly, the findings challenge the dominant assumption in CEE housing studies that commodification reduces familial support; instead, they suggest that commodification increases the reliance on family support, even in Hungary's semi-peripheral context. Additionally, the book reveals the socio-spatial disparities in the impact of commodification, showing that urban parents adopt strategies different from those in rural areas to cope with housing market dynamics. Lastly, the book contributes to broader theoretical debates by linking the effects of housing financialization with growing inequalities between generations and within them, highlighting the critical role of family background in accessing housing in a financialized and commodified housing market. It calls for reconsidering housing policies towards more significant de-familialization and de-commodification to mitigate these inequalities.

Besides these contextual and empirical contributions, the book is well-organized, with straightforward research questions that guide the analysis. It follows a logical structure, moving from theoretical foundations to empirical analysis, and concludes with broader theoretical implications, making it accessible and informative for academic audiences. Using reliable sources, including national surveys and academic literature, enhances the credibility of the findings. The use of advanced statistical methods not only fills gaps in the literature but also makes the book a valuable resource in Hungarian housing studies. However, some minor things could be improved in the data interpretation. For instance, the variables need to be clearly defined, and the rationale for selecting survey data from 2003 and 2015 needs to be provided. Additionally, there needs to be more

certainty about whether this period accurately captures the effects of the regime change. Moreover, despite thoroughly analyzing the macro and micro factors influencing housing-related family support in Hungary, the book lacks specific policy recommendations or practical insights for addressing the challenges identified. This gap makes the book less accessible for policy-making audiences seeking concrete strategies and solutions based on the book's findings.

Overall, this book is a valuable resource for academics and professionals interested in housing studies, intergenerational transmission, social inequality, and post-socialist transitions. Its strengths lie in its integration of empirical analysis with theory, its global and regional perspectives, and its critical engagement with existing literature. For those studying or working in related fields – such as housing studies, sociology, economics, and social policy – this book represents a significant contribution that will be well worth reading.

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