

Tightening the Rules on Short-term Home Rentals in Budapest

Short-term rentals have become popular around the world, and the Hungarian capital is no exception. However, a two-year moratorium on the registration of new short-term rentals in Budapest came into effect on 1 January 2025, meaning that no new registrations will be facilitated until 31 December 2026. What is the future for short-term rentals in Budapest?

I. Legal background

In Hungary, the provision of accommodation services is primarily regulated by Act CLXIV of 2005 on Trade and Government Decree 239/2009 (X. 20.) on the detailed rules for the provision of accommodation services and the granting of an accommodation licence.

The fact that there is no precise legal definition of what constitutes a highly regulated short-term accommodation as opposed to a less regulated tenancy makes life difficult for homeowners. Classification depends on the circumstances of the case; for example, whether or not the accommodation provider provides other ancillary services to guests.

II. The obligations of the providers of accommodation

All providers of accommodation to guests must obtain a tax number, register and report their accommodation activities through the National Tourism Data Centre, and register their activities with the district notary. Accommodation providers are inspected and assessed by a rating body prior to registration and every three years thereafter. They must also collect information on the identity of guests by digitally scanning their identity documents and report this information online to the National Tourism Agency.

III. The power of District Municipalities

While there is national legislation on short-term rentals, Budapest is in a special position as a large city visited by many tourists and foreign students, where short-term rentals are more common. Therefore, the capital's 23 district councils have some freedom to regulate accommodation services.

Some districts limit the number of days a property or part of a property can be rented out on a short-term basis, while others set limits on the proportion of short-term rental accommodation that can be established (e.g. in the city centre zone of District 5, the number of private or other accommodation units within a building must not exceed 5% of the total number of individual units). Some districts levy local taxes on accommodation services and/or require that guests be provided with parking spaces or that certain information be displayed on the notice board of the apartment building.

The Municipality of District 6 has even decided to ban all short-term rentals from 1 January 2026 as it is one of the areas where the influx of tourists has started to disturb the peace and quiet of residents, not to mention the worsening housing crisis that is forcing locals to find accommodation on the outskirts of the city. Other districts are considering similar legislation.

IV. The future of short-term rentals

It is easy to see that having 23 different district regulations for one city is far from ideal. A total ban could also be seen as a hasty and disproportionate response that fails to take the other aspects that influence the housing market into account, such as the lack of public and municipal housing and the construction of student residences. It could also have a spill-over effect, initially on neighbouring districts, which will be faced with even more short-term rentals than before, but ultimately on the capital as a whole.

A good solution to this problem could be a transparent and binding regulation for all districts of Budapest. The two-year moratorium, which does not affect existing accommodation but does not allow new private short-term accommodation to enter the market, can be seen as a first step. It

should be noted that the moratorium does not apply to the Budapest agglomeration, but only to the capital area. Further regulatory changes are expected in order to ensure housing for the local population and to balance the interests of tourism.

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