

1.85%
Vacancy Rate



88,200
Take-Up, Sq m



€4.85
Prime Rent, Sq m/month



ECONOMIC INDICATORS Q4 2019

1.2M
Budapest Employment



2.9%
Budapest Unemployment Rate



3.4%
Hungary Unemployment Rate



Source: Oxford Economics

ECONOMY: Coronavirus now expected to lead to 1% GDP contraction in Q2 and growth of just 1.4% in 2020

Despite a strong end to 2019, the Hungarian economy is undoubtedly going to be heavily affected by the disruption and travel bans associated with the coronavirus. This is expected to reduce growth sharply this year, although a strong bounce back is still anticipated in activity once social distancing measures are relaxed. As at 24 March 2020, Oxford Economics forecast GDP growth will slow sharply from 4.9% in 2019 to just 1.4% this year before recovering to grow by 3.1% in both 2021 and 2022.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Please note the impact that COVID-19 might have on the real estate market in the future is yet unknown.

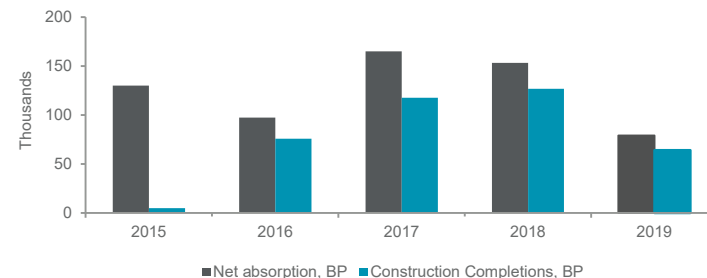
SUPPLY AND DEMAND: Improving speculative development

In Budapest approximately 88,200 sq m of industrial space was let in the last quarter and a total of 415,000 sq m in 2019 – marking an increase of 10% y-o-y in occupier demand. The logistics sector along with occupiers from the manufacturing segments were the main drivers of demand. The largest leasing transactions include renewals in Prologis Park Gyál one on 22,200 sq m and the other on 20,750 sq m. Net take-up accounted for 45% of the total occupational activity in 2019, whilst renewals remained dominant with a share of 55%. Net absorption totalled at 80,000 sq. m and as a result, vacancy rate continued to break record lows of 1.85% by the year-end. One building in Dél-Pesti Üzleti Park extending to 9,090 sq m of logistics space were handed over in Budapest, and there was around 64,000 sq m of new space entered the market via five schemes in 2019. Moving forward the market is expected to remain BTS dominated, albeit speculative development shows an improvement as the upcoming developments are only 25% pre-let. 2020 pipeline is of 9 schemes extending to 180,000 sq m, a level not seen since 2008.

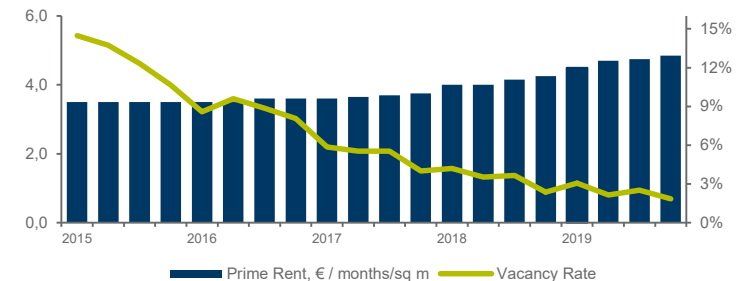
PRICING: Landlord favourable market

The increased cost of new construction and the lack of available warehouse space further strengthened landlords' negotiating positions. This has led to a strong rental growth at new products in 2019, with headline BTS rents stand at Euro 4.85 in Budapest and Euro 4.25 in Debrecen as at year-end 2019.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT HUNGARY

Industrial Q4 2019



MARKET STATISTICS – BUDAPEST AND ITS SURROUNDINGS

TYPE	STOCK (SQ M)	AVAILABILITY (SQ M)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP	YTD TAKE-UP	YTD DELIVERED (SQ M)	UNDER CONSTRUCTION (SQ M)	PRIME RENT
LP	2 032 829	34 785	1.71%	86 933	389 999	64 167	180 798	€4.85
CL	214 126	6 850	3.20%	1 300	25 009	0	0	€4.85
BUDAPEST TOTALS	2 246 955	41 635	1.85%	88 233	415 008	64 167	180 798	€4.85

KEY LEASE TRANSACTIONS YTD 2019

DATE	PROPERTY	TENANT	SIZE	TYPE
Q1 - 2019	Prologis Park - Budaörs	Geodis	27 800	renewal
Q3 - 2019	Üllő Airport Logistics Park	Rossmann	27 760	renewal
Q4 - 2019	Prologis Park Budapest - Gyál	Syncreon	22 180	renewal
Q4 - 2019	Prologis Park Budapest - Gyál	Industrial C&S Hungary	20 750	renewal
Q3 - 2019	CTPark Budapest East - ULL 3 (ex K-sped building)	Confidential	14 870	renewal
Q3 - 2019	Prologis Park Budapest - Sziget	Boy Szolgálat	13 400	renewal
Q2 - 2019	Prologis Park Budapest - Sziget	Nestlé Hungária	13 400	new
Q2 - 2019	CTPark Budapest West	Confidential	10 815	prelease
Q3 - 2019	Inpark Páty (NIPÜF)	Confidential	10 630	prelease
Q3 - 2019	Batta Park	CEVA Contract Logistics Kft	10 400	renewal
Q2 - 2019	Prologis Park Budapest - Harbor	Fiege	10 200	new
Q4 - 2019	BILK	Confidential	10 200	renewal

KEY CONSTRUCTION COMPLETIONS YTD 2019

DELIVERY DATE	TYPE	PROPERTY	BUILDING	SIZE
Q1 2019	LP	AIRPORT CITY Logistic Park	EF	13 200
Q1 2019	LP	Prologis Harbor	DC12	10 500
Q3 2019	LP	BILK	Media Saturn	21 300
Q3 2019	LP	CTPark Budapest West (BTS)	BIA7	10 000
Q4 2019	CL	Dél-Pesti üzleti Park	E	9 100

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