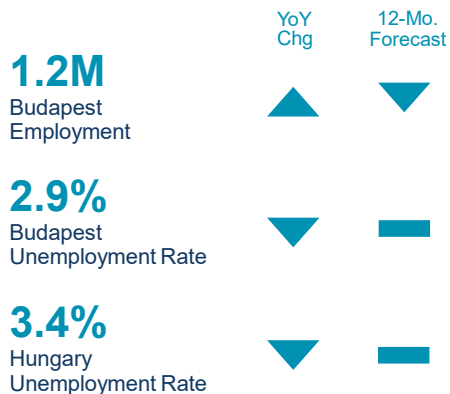




(Overall, All Property Classes)
Source: Cushman & Wakefield, Budapest Research Forum

ECONOMIC INDICATORS Q4 2019



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: All-time Record High Demand with Record Low Availabilities as at YE 2019

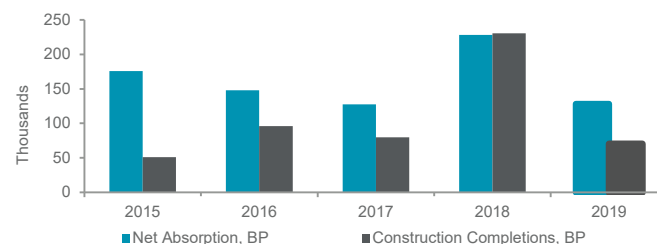
2019 demand levels have witnessed all-time record high volumes at around 637,000 sq m transacted. Q4 2019 alone has seen that 202,500 sq m of office space was taken off the market with the Váci Corridor still enjoying the highest share of take-up. The quarter's largest pre-lease agreement was signed here by ExxonMobil on 27,300 sq m in the Pillar scheme. 2019 demand was primarily driven by net take-up.

A total of 24,300 sq. m of new space was delivered in Q4 over two schemes, and a new supply of 70,600 sq. m was released in 2019 in total. 2020 will see an improved level of completions with 230,000 sq m of new supply registered in the pipeline. Much of this space will probably have absorbed by the time of delivery as 56% of this amount is already pre-let. Net absorption in 2019 reached 128,000 sq m and as a result, vacancy rate continued to break record lows of 5.6% by the year-end 2019.

PRICING: Budapest remains Landlord favourable

Prime headline rents further increased in most submarkets including Central Buda, Váci Corridor, South Buda and Non Central Pest, whilst CBD prime headline rents remained unchanged in Q4 2019. Tenant flexibility (i.e. flexible lease terms, wide incentive packages, etc.) remained limited.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIMERENT



MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	VACANT (SQ M)	OVERALL VACANCY RATE	NET ABSORPTION (SQ M)	CURRENT QTR LEASING ACTIVITY (SQ M)	YTD LEASING ACTIVITY (SQ M)	YTD DELIVERED (SQ M)	UNDER CONSTRUCTION (SQ M)	PRIME RENT (SQ M / MONTH)
Budapest (CBD)	373 148	18 718	5.0%	1 293	2 881	41 059	4 560	16 037	€25.00
Budapest (Central Pest)	653 503	29 497	4.5%	46 475	16 870	107 039	23 748	37 259	€16.50
Budapest (Central Buda)	432 068	40 687	9.4%	-1 803	24 978	65 243	0	13 100	€17.50
Budapest (Non-Central Pest)	492 586	6 888	1.4%	5 993	35 635	58 481	6 922	161 235	€15.00
Budapest (North Buda)	327 925	8 619	2.6%	8 567	3 866	26 702	0	0	€15.00
Budapest (South Buda)	382 002	20 574	5.4%	35 207	23 107	102 361	8 237	173 173	€16.50
Budapest (Váci Corridor)	898 737	36 796	4.1%	28 190	92 851	226 868	27 078	175 489	€16.50
Budapest (Periphery)	133 075	45 958	34.5%	4 461	2 321	9 364	0	0	€11.00
Budapest TOTALS	3 693 044	207 736	5.6%	128 384	202 166	637 117	70 545	576 293	€25.00

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
The Pillar	Váci Corridor	ExxonMobil	27 333	pre-lease
Parkway	Non Central Pest	Confidential	25 000	renewal
Green Court	Váci Corridor	Confidential	11 830	pre-lease

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KEY CONSTRUCTION COMPLETIONS IN 2019 TOTAL

DELIVERY DATE	PROPERTY	SUBMARKET	MAJOR TENANT	SIZE	OWNER / DEVELOPER
Q2 - 2019	Ferrum	Váci Corridor	n/a	3 377	Lomb Invest
Q2 - 2019	Molnár 19	CBD	Public Governmental	4 560	n/a
Q2 - 2019	Corvin Technology & Science Park (I)	Central Pest	EPAM	12 178	Futureal
Q2 - 2019	Corvin Technology & Science Park (II)	Central Pest	EPAM	11 570	Futureal
Q3 - 2019	Hungária Center	Non Central Pest	IT	6 922	OTP
Q3 - 2019	Advance Tower Phase II	Váci Corridor	KPMG	7 631	Futureal
Q4 - 2019	Bartók Udvar II/A	South Buda	NAK; IT	8237	Infogroup
Q4 - 2019	Balance Hall	Váci Corridor	ABB	15 520	CPI

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