

2.6%
Median HH Income



-0.1%
Population Growth



3.4%
Unemployment Rate



Source: Oxford Economics

ECONOMIC INDICATORS 2019

4.9%
GDP Growth



4.7%
Consumer Spending Growth



5.3%
Retail Sales Growth



Annual growth, PPP, \$ current prices
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 OR DEMAND: Development and refurbishment activity will intensify further

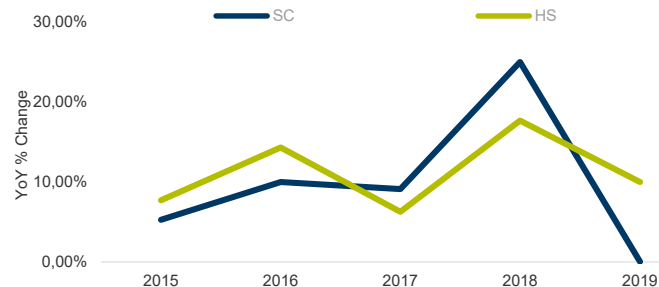
2019 has seen only a limited development activity. The 4,500 sq m retail park scheme, Gallery Center in Mosonmagyaróvár and a 2,000 sq m extension to Arkad Shopping Center Budapest accommodating a 7 unit 'Food Loft' element and kids play area have been delivered. However, after 6 years of completely muted new shopping centre development activity in Hungary, the 54,000 sq m Etele Plaza is scheduled for delivery in 2021. Moreover, Landlords of existing centres are responding to this threat and the wider changes in retail through refurbishment or complete redevelopment with a strong focus on F&B and leisure elements. Examples include the former Plaza Center schemes, Mammut or Arena Mall.

Key high street destinations were witnessing strong demand for F&B in 2019 primarily due to the growing number of tourists arriving in Budapest. In response, the high street is expanding from the traditional locations. In 2020/21 the mixed-use Szervita Square project and the Emerald Residence (luxury residential and hotel scheme) are scheduled for delivery.

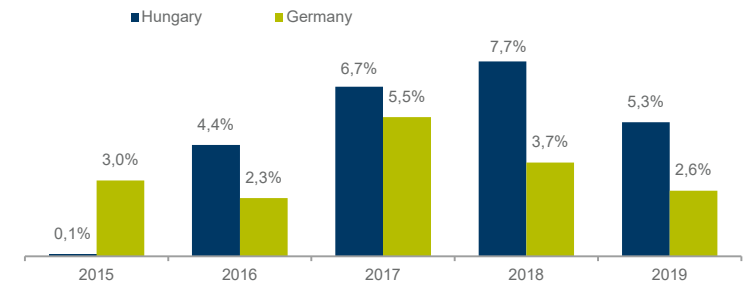
PRICING: Prime rents remain stable

A healthy albeit slowing expansion activity is seen from both international and local retailers in 2019, with only a limited number of newcomers registered for 2020. Due to current low availability levels however, rents were under upward pressure in prime locations and a rental growth of 4.2% was measured in Fashion Street and a growth of 10.0% in prime shopping centres, year-on-year.

PRIME RENT



RETAIL SALES Y/Y GROWTH



MARKET STATISTICS – SHOPPING CENTRES

SUBMARKET	SHOPPING CENTRE STOCK	SHOPPING CENTRE PIPELINE	PRIME RENT (Euro/month/sq m)	PRIME YIELD
Budapest	767 467	54 000	110	5.60%
Central Transdanubia	24 128	0		
Northern Hungary	184 105	0		
South Transdanubia	146 274	0		
West Transdanubia	123 898	0		
HUNGARY TOTAL	1 245 872	54 000	110	5.60%

KEY SALES TRANSACTIONS – YTD 2019

PROPERTY	SUBMARKET	BUYER / SELLER	SIZE
KÖKI	Budapest	Adventum / Erian Holding AG	68 525
Corvin Plaza	Budapest	Indotek Group / Klepierre	34 600
Duna Plaza	Budapest	Indotek Group / Klepierre	30 280
Metro Budaörs, M3, Gyáli út	Various	FLE / Metro	50 675
Miskolc Plaza	Miskolc	Indotek Group / Klepierre	20 000
Bálna Budapest	Budapest	MNV / Budapest Municipality	13 000
Győr Plaza	Győr	Indotek Group / Klepierre	19 800
Tesco Becsi út	Budapest	Adventum / Bluehouse Capital	12 335

KEY CONSTRUCTION COMPLETIONS – YTD 2019

PROPERTY	SUBMARKET	COMPLETION DATE	SIZE
Galéria Center	Mosonmagyaróvár	November 2019	4 500

Orsolya Hegedűs (MRICS)

Head of Advisory & Research Budapest

Mobile: +36 30 399 5106

Orsolya.hegedus@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.