

2.8%
Vacancy Rate



€4.90
Prime Rent, Sq m/month



6.90%
Prime Yield



*(Overall, All Property Classes, as at 31 March 2020)
Source: Cushman & Wakefield, Budapest Research Forum*

ECONOMIC INDICATORS Q1 2020

-3.1%
GDP real, LCU



6.4%
Unemployment Rate



-4.4%
Industrial Production Index



-1.9%
Private Consumption, real LCU



*Annual growth unless otherwise indicated
Source: Oxford Economics as at 21 April 2020*

ECONOMY: Coronavirus now expected to lead to 8% drop in GDP in Q2 and 3.1% in 2020 overall

Despite a strong end to 2019, the Hungarian economy is inevitably being heavily affected by the virus containment measures. The economy is expected to experience recession this year, although a rebound is anticipated in activity once social distancing measures are relaxed. As of 21 April 2020, Oxford Economics forecasted that GDP will fall 3.1% this year and will recover to grow by 7.5% in 2021 and 3.3% in 2022. Whilst the ongoing curfew are taking a heavy toll on the economy and the closure of Hungary's borders limits "just in time", the restart of key production industries such as automotive and OEM are currently under way after a short-term virtual standstill.

SUPPLY AND DEMAND: Reasonably stable demand levels are expected

In Budapest approximately 80 000 sq. m of industrial space was let in the first quarter of 2020 – marking a slight 5% decrease y-o-y in occupier demand. The logistics sector along with occupiers from the manufacturing segments remained the main drivers of demand. The limited existing supply has pushed the share of renewals up to 85% with the net take-up accounting for a share of 15% only from the occupational activity. The largest leasing transaction includes renewals at Batta Park and Prologis Park M1 and Harbor Parks.

Two buildings including CTP Park West BIA6 and BUD Cargo City Forwarder Building were handed over, thereby around 40,000 sq. m of new space has entered the market. Net absorption totalled at 17 830 sq. m and as a result, vacancy rate slightly increased to 2.8% by the quarter-end. Continued low vacancy and reasonably stable demand levels are expected going forward, coupled with the suspension of most speculative projects. 6 schemes extending to 125,000 sq m is expected to be delivered in Budapest for the remainder of 2020. Build-to-suit constructions proceed but face some delays due to slower permitting processes.

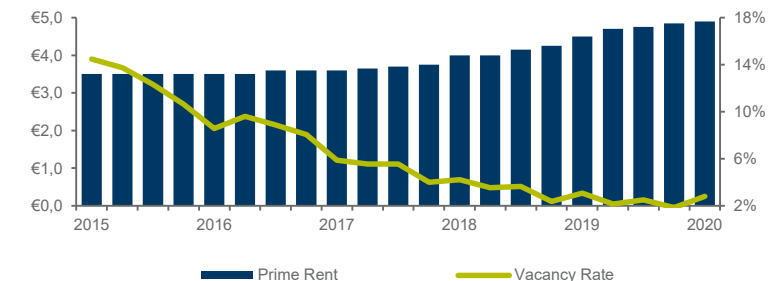
PRICING: Landlord favourable market

The lack of available warehouse space continued to maintain landlords' negotiating positions. Headline BTS rents currently stand at Euro 4.90 in Budapest.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT BUDAPEST



Industrial Q1 2020

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
North	230 854	5 804	2.5%	1 758	1 758	0	0	€4.90
South	851 018	11 521	1.3%	48 139	48 139	0	45 957	€4.90
East	700 854	17 218	2.5%	8 148	8 148	8 698	68 315	€4.90
West	504 242	29 278	5.9%	21 608	21 608	31 315	10 630	€4.90
TOTAL BUDAPEST	2 286 968	63 821	2.8%	79 653	79 653	40 013	124 902	€4.90

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	TYPE	TENANT	SIZE (SQ M)	TYPE
Batta Park	LP	Ceva	28 600	Renewal
Prologis Park Budapest - M1	LP	BYD Smart Device	15 880	Renewal
Prologis Park Budapest - Harbor	LP	Sanofi-Aventis	12 300	Renewal
CTPark Budapest East	LP	Confidential	4 100	Pre-lease
CTPark Budapest East	LP	Confidential	4 100	New

KEY CONSTRUCTION COMPLETIONS Q1 2020

PROPERTY	TYPE	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
CTPark West - BIA6	LP	Arcese Trasporti Spa	31 315	CTP
BUD Cargo City – Forwarder Building	LP	Cargo-Partner, Kühne & Nagel, EKOL, DB Schenker, CECZ	8 700	Budapest Airport

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