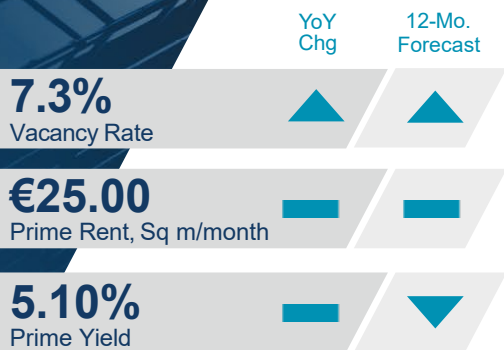


# MARKETBEAT BUDAPEST

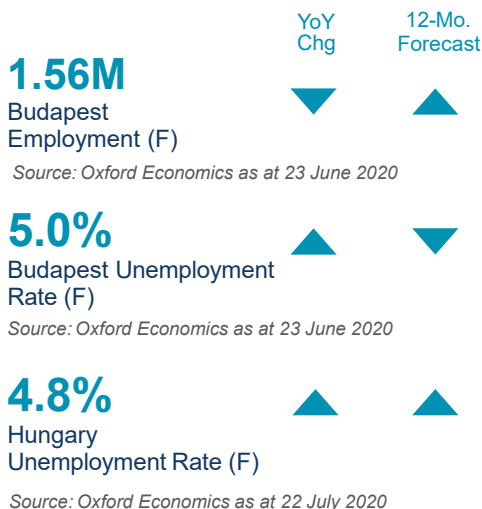


Office Q2 2020



(Overall, All Property Classes, as at 30 June 2020)  
Source: Cushman & Wakefield, Budapest Research Forum

## ECONOMIC INDICATORS Q2 2020



## ECONOMY: Coronavirus now expected to lead to 9.6% drop in GDP in Q2 and 5.0% in 2020 overall

Hungary has come out of the COVID crisis comparatively well and the economy is ranked one of the most resilient to the impacts of Coronavirus epidemic, with a contraction of 5.0% expected for 2020, according to Oxford Economics. The GKI business sentiment index has strongly improved over the last couple of months, but remained pessimistic as at the end of Q2. Hungary entered the current crisis from a position of relatively solid macro fundamentals. Growth started from a high base, having averaged roughly 5% for the last two years, the fiscal and current account deficits are small, while the employment rate is high. Therefore, a strong recovery is expected with a projected GDP growth of 4.5% in 2021 and 5.2% in 2022.

Office investment volumes in H1 2020 reached Eur 400 million - the strongest H1 period of activity on record. Whilst Optima's corporate acquisition of GTC accounts for over 36% of this, significant transactions such as Allianz's acquisition of Eiffel Square illustrate Hungary's relatively strong performance. Whilst there are examples of some aborted deals, most seem to be proceeding.

## SUPPLY AND DEMAND: High supply meets with low current availability

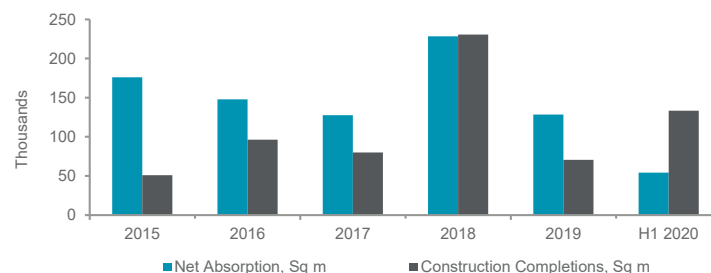
Q2 demand levels in Budapest reached 88,000 sq. m, which are below the trend due to the slower market activity over the crisis period. Leasing activities were dominated by renewals having a share by 55% from the total demand. Net take-up amounted to 39,600 sq. m and was driven by new lease transactions. Pre-leases amounted to 12,500 sq. m. The office vacancy rate has increased to 7.3%, representing a 1.1 pps uptick quarter-on-quarter, primarily due to new deliveries. Net absorption reached 31 430 sq. m.

Ongoing development schemes proceed, no delays reported yet. A total of 87,800 sq. m of new space was delivered in Q2 over five schemes. 2020 will see a strongly improved level of completions with 107,000 sq. m of new supply still in the pipeline for H2, of which circa 71% is already pre-let.

## PRICING: Budapest remains Landlord favourable with no decrease in headline rents

Most occupiers are in "wait-and-see" mode and rethinking their future space requirement based on their home office experience. Large occupiers are requiring shorter terms in their renewal negotiations, whilst some excess space has been put on the market for sublease.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	OVERALL 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 / MTH)
Budapest (CBD)	367 990	19 166	5.2%	5 108	9 905	2 300	15 174	€25.00
Budapest (Central Pest)	650 493	45 482	7.0%	20 316	40 725	0	66 907	€17.00
Budapest (Central Buda)	435 269	37 272	8.6%	13 611	29 095	0	16 700	€18.00
Budapest (Non-Central Pest)	513 239	41 046	8.0%	4 742	7 825	20 400	155 900	€15.00
Budapest (North Buda)	329 863	9 350	2.8%	3 945	4 795	5 500	15 000	€15.50
Budapest (South Buda)	432 824	23 940	5.5%	17 075	31 569	45 558	183 374	€17.00
Budapest (Váci Corridor)	954 551	56 711	5.9%	22 302	40 201	59 552	146 347	€17.50
Budapest (Periphery)	133 075	44 661	33.6%	889	3 533	0	0	€11.50
<b>BUDAPEST TOTALS</b>	<b>3 817 304</b>	<b>277 628</b>	<b>7.3%</b>	<b>87 988</b>	<b>167 647</b>	<b>133 310</b>	<b>599 402</b>	<b>€25.00</b>

## KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Budapest One Phase 2	South Buda	Confidential Client	8 000	pre-lease
Ü48 Corner Center	Central Pest	Confidential Client	7 400	new
Budapest One Phase 2	South Buda	Confidential Client	4 500	pre-lease
Science Park A	Central Buda	Confidential Client	4 100	new

## KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ M
GTC Portfolio – 6 schemes	Central Pest, Váci Corridor	Lonestar / Optima	150 680
Eiffel Square	Central Pest	Equilor / Allianz	17 500

## KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
AGORA Tower	Váci Corridor	Raiffeisen	34 500	HB Reavis
Budapest One P1-2	South Buda	Unisys, Roche, DSV, Regus	27 400	Futureal
Váci Greens F	Váci Corridor	Jaguar, Intrum Justicia	25 000	Atenor
Arena Business Campus P1	Non-Central Pest	Medicover	20 400	Atenor

Source: Cushman & Wakefield Research, Budapest Research Forum

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