

HUNGARY

Retail Q1 2020

€36,338

Average HH Income 2019

YoY Chg



12-Mo. Forecast



€150.00

Prime HS Rent, Sq m/month



4.50%

Prime HS Yield



Prime rent and yield for High Street units as at 31 March 2020
Source: Cushman & Wakefield, Oxford Economics

ECONOMIC INDICATORS Q1 2020

-3.1%
GDP Real, LCU

YoY Chg 12-Mo. Forecast

6.4%
Unemployment Rate

YoY Chg 12-Mo. Forecast

6.4%
Consumer Spending

YoY Chg 12-Mo. Forecast

4.2%
Retail Sales

YoY Chg 12-Mo. Forecast

Annual growth, PPP, \$ current prices
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, after a growth of 4.9% in 2019, and before recovering to grow by 7.5% in 2021 and 3.3% in 2022.

Consumer spending has historically been closely linked to growth in real disposable incomes. While government aid for affected industries is expected to support employment, curfew will certainly limit consumption this year. Oxford Economics forecasted private consumption will fall by 1.9% in 2020, before recovering to grow by 8.1% in 2021. The GKI consumer confidence index fell into the negative range in April, primarily due to inflation fear. Inflation is expected to average 3.3% this year due to the steady depreciation of the currency but will be offset by the recent collapse in oil prices, and is forecasted to rise to 3.7% in 2021 as oil prices recover.

SUPPLY AND DEMAND: Curfew restrictions imposed difficult situation

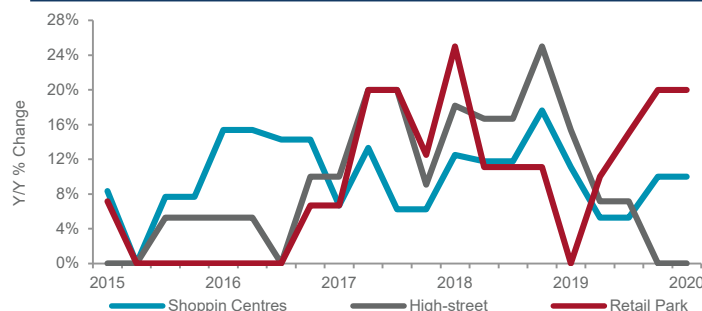
Curfew restrictions have been introduced on 28 March for an indefinite period of time to be reviewed on a weekly basis. The current regulations imposed difficult situation on retail whereby opening hours are drastically reduced but operation is not limited. Most retail stores have been closed due to a dramatic decline experienced in footfall. Only supermarkets, pharmacies and some other specialized profiles are operating well, others have been strongly affected. Shopping centres are open but operate under tightened opening hours.

New activity has therefore been curtailed. Landlords are offering rent payment deferrals for the affected period, potentially linked to lease restructures. Loosening of curfew restrictions is expected from early May. There is one new shopping centre development scheme in the pipeline, which is the 54,000 sq. m Etele Plaza scheduled for delivery in 2021. The development scheme proceed, no major delays have been reported.

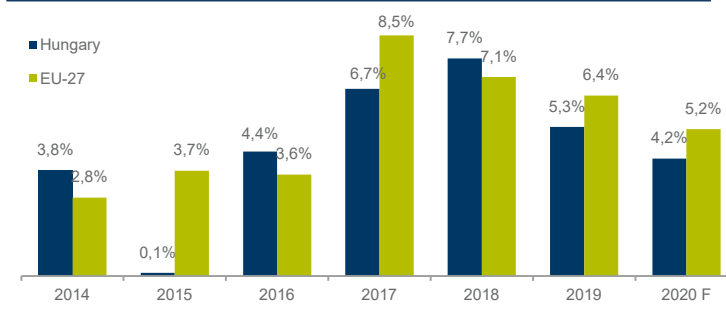
PRICING: Prime rents expected to be affected

Prime rents remained stable in Q1 2020 but expected to be affected in the short-term by curfew restrictions.

PRIME RENT



RETAIL SALES Y/Y GROWTH



MARKET STATISTICS

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 Q1 2020

PROPERTY	TYPE	SELLER / BUYER	SQ M
Ceetrus Dunakeszi	Retail Park	Ceetrus / Vörösvár Invest	5 000

KEY CONSTRUCTION COMPLETIONS 2019 / 2020

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**Bence Soós***Research Graduate*

Mobile: +36 70 373 7482

Bence.soos@cushwake.com**cushmanwakefield.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.