

MARKETBEAT BUDAPEST



Industrial Q3 2020

	YoY Chg	12-Mo. Forecast
2.3% Vacancy Rate	▲	▼
€4.90 Prime Rent, Sq m/month	▲	—
6.90% Prime Yield	▼	▼

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

ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo. Forecast
-6.4% GDP real, LCU (F)	▼	▲
4.0% Unemployment Rate (F)	▲	▼
-8.0% Industrial Production Index (F)	▼	▲
-2.8% Private Consumption, real LCU (F)	▼	▲

Annual growth unless otherwise indicated
Source: Oxford Economics as at 23 October 2020

ECONOMY: GDP is now forecast to fall 6.4% this year before growing 5.1% in 2021.

GDP fell by 13.6% q-o-q in Q2 according to CSO, with much of the decline due to the lockdown in April. Since then activity has continued to recover strongly, with manufacturing activity nearly back to its pre-crisis peak. Industrial production has recovered strongly through the summer as key manufacturing plants, especially in the automotive sector, has early re-started production with industrial output in August being just 3.6% below its level at the start of the year. This means the industrial sector has made up nearly all of the ground lost due to the lockdown earlier in the year and as a result, GDP is expected to grow 8.2% q-o-q in Q3, according to forecast published by Oxford Economics.

Hungary is expected to significantly benefit from the recently-agreed next generation EU recovery fund which will provide a stimulus to the Hungarian economy, equal to some 6.7% of GDP in the period of 2021-2025. Recovery is expected to start in 2021, Oxford Economics forecast GDP to grow by 5.1% in 2021 and 5.0% in 2022.

SUPPLY AND DEMAND: Record high demand and apparent under-supply

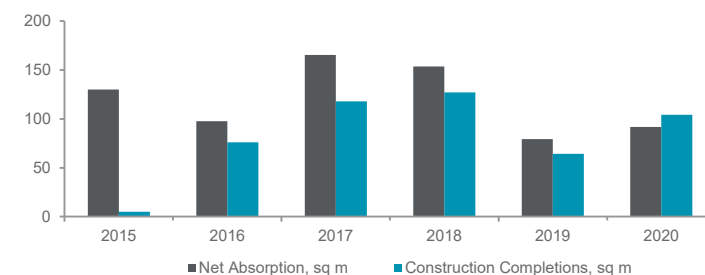
The Budapest industrial and logistics market is buoyant with record high demand levels and an apparent under-supply of modern space, pushing the vacancy rate further down. Demand equalled 176,900 sq.m, driven by net take-up amounting to 124,300 sq.m in Q3. YTD demand level reached 427,700 sq.m representing a massive 30% increase on the already strong 2019 levels. The largest transaction was a pre-lease agreement concluded with Lenovo in CTPark Budapest East.

No schemes were handed over in Q3 but some 23,800 sq.m of new space is expected to be delivered in two BTS schemes in the last quarter of 2020. As a result, vacancy rate slightly decreased to 2.3% by the quarter-end and net absorption amounted to 6,850 sq.m. This has attracted some newcomers to the market intending the delivery of new stock on speculative and BTS basis alike as continued low vacancy and reasonably stable demand levels are expected going forward.

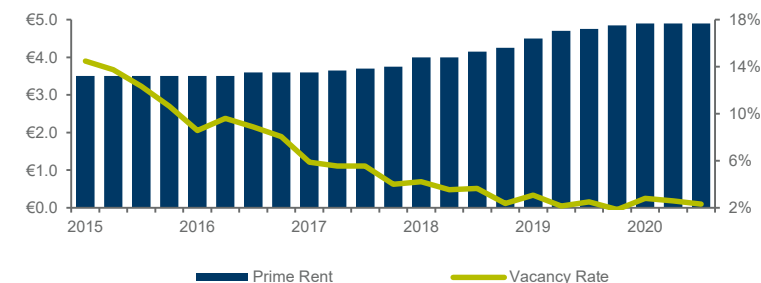
PRICING: Landlord favourable market

Rents and lease terms remained firm with the market favouring the Landlord. Headline BTS rents currently stand at Euro 4.90. We are seeing a number of lease re-gears and renewals where tenants are looking to secure stable tenancy amidst the fierce competition for existing space.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT BUDAPEST

Industrial Q3 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	118 560	3 270	2.7%	1 930	3 690	0	0	€4.90
South	1 502 820	29 520	1.9%	97 420	275 240	46 360	49 240	€4.90
East	212 250	3 740	1.7%	71 030	96 960	26 480	96 105	€4.90
West	517 480	17 555	3.3%	6 490	51 790	31 315	40 935	€4.90
TOTAL BUDAPEST	2 351 110	54 085	2.3%	176 870	427 680	104 155	186 280	€4.90

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	TYPE	TENANT	SIZE (SQ M)	TYPE
CTPark Budapest East	LP	Lenovo	35 700	Prelease
Prologis Park Budapest - Sziget	LP	Confidential	24 800	Renewal
Prologis Park Budapest - Sziget	LP	Confidential	20 800	Expansion
Budapest East Business Park	LP	Trans-sped	14 150	Prelease
Budapest East Business Park	LP	Daniella	13 170	BTS
Prologis Park Budapest - Sziget	LP	Confidential	10 700	Renewal

KEY CONSTRUCTION COMPLETIONS 2020 YTD

PROPERTY	TYPE	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
CTPark West	LP	Confidential	31 300	CTP
CTPark South	LP	Confidential	22 800	CTP
East Gate Business Park	LP	Confidential	17 800	WING
Prologis Harbor DC11	LP	Fiege	13 500	Prologis

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