



€37,105

Average HH Income 2020

YoY
Chg12-Mo.
Forecast

€120.00

Prime HS Rent, Sq m/month

5.00%

Prime HS Yield

Prime rent and yield for High Street units as at 30 September 2020
Source: Cushman & Wakefield, Oxford Economics

ECONOMIC INDICATORS Q3 2020

-6.4%

GDP Real, LCU *

YoY
Chg12-Mo.
Forecast

4.0%

Unemployment Rate *

2.3%

Consumer Spending *

-0.4%

Retail Sales Volume Index *

* Annual growth forecast

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

It is now clear that Hungary, like the rest of Europe, is facing a resurgence of the coronavirus as we head into winter. While Hungary entered the crisis from a position of relatively solid macro fundamentals, more recent indicators suggest sentiment have begun to stall when COVID-19 cases started recurring. The Hungarian economy contracted by 13.6% in Q2 according to CSO, which reflects the impact of the April lockdown. Yet, Hungary is expected to significantly benefit from the recently-agreed next generation EU recovery fund providing a stimulus to the economy equal to some 6.7% of GDP in the period of 2021-2025. Recovery is therefore expected to start in 2021 and Oxford Economics forecast GDP to grow by 5.1% in 2021 and by 5.0% in 2022.

Retail sales were reaching pre-pandemic levels in the summer and according to CSO, the total retail sales in Q1-Q3 showed a growth of 0.5% y-o-y. Online sales have seen a significant increase as by the end of September the share of online reached 8.4% which represents a strong growth rate of 40% on 2019 level. Oxford Economics forecasts however, private consumption will fall by 2.8% this year due to crisis-related declines in spending, before rebounding to grow 5.3% in 2021.

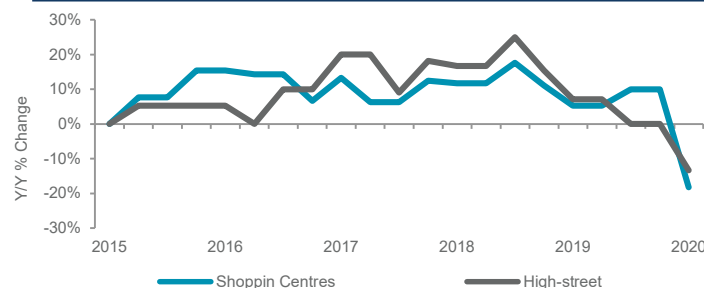
SUPPLY AND DEMAND: Lease transactions are present but with slower pace and greater caution

After a brief recovery period during the second half of the summer, shopping centres are experiencing some decrease in footfall since September. Expansions of retailers are still ongoing but with careful approach only to prime target locations. The retail warehouse sector was less effected by the COVID – 19 pandemic and some profiles such as furniture and sports have even experienced an increasing turnover compared to the last quarter in the previous year. Outlets and Discounters with fashion and cosmetics profiles are also less effected, whilst profiles such as Food & Beverage and Leisure on the other hand were strongly hit.

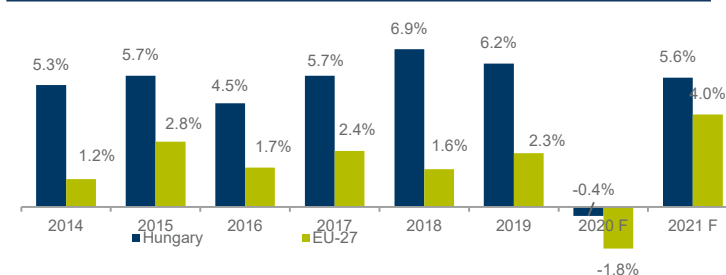
PRICING: Prime high street and shopping centre rents are affected

Prime Budapest high street locations, which are much dependent on tourism have recorded a decline of 20 % y-o-y in prime rents due to the massive decline of international tourist arrivals seen this year. Retailers have reported decrease in turnover close to 70-80 % in the past months and any recovery is expected to be slower.

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	90	5.85%
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	90	5.85%
Budapest High Street			120	5.00%
Budapest Retail Parks			11,50	7.50%

KEY SALES TRANSACTIONS YTD 2020

PROPERTY	TYPE	SELLER / BUYER	SQ M
Target Center	Shopping center	Private / Erste Fund	23 500
Jysk Kiskunhalas	Retail Park	Private / Erste Fund	1 000
Burger King Székesfehérvár	Retail - Other	n/a	2 000
Pécs Plaza	Hypermarket	n/a	15 000

KEY CONSTRUCTION COMPLETIONS 2019 / 2020

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

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