

HUNGARY

Retail Q4 2020

€37,105

Average HH Income 2020

YoY Chg



12-Mo. Forecast



€120.00

Prime HS Rent, Sq m/month



5.25%

Prime HS Yield



Prime rent and yield for High Street units as at 31 December 2020
Source: Cushman & Wakefield, Moody's

ECONOMIC INDICATORS Q4 2020

-9.2%
GDP Real, LCU *

YoY Chg: 12-Mo. Forecast:

4.8%
Unemployment Rate *

YoY Chg: 12-Mo. Forecast:

2.5%
Consumer Price Index

YoY Chg: 12-Mo. Forecast:

-4.6%
Retail Sales Volume Index *

YoY Chg: 12-Mo. Forecast:

* Annual growth forecast
Source: Moody's December 31 2020

ECONOMY: Forecasted slow-down in decline of GDP growth, with bounce-back in 2021.

According to CSO figures, the Hungarian economy bounced back through GDP growth of 9% in Q3 2020 exceeding expectations with total retail sales at 1.7% up y-o-y in 2020. However, similarly to the rest of Europe, the second wave of COVID-19 has had a significant impact and further lockdown measures have been implemented. It is expected that this will lead to a fall again in Q4 and Moody's forecast that GDP will contract by 9.2% this year. Hungary is expected to significantly benefit from the next generation EU recovery fund agreed in 2020 which will provide a stimulus to the Hungarian economy, equal to some 6.7% of GDP in the period of 2021-2025. GDP is forecast to growth 3.0% in 2021 and 4.4% in 2022.

SUPPLY AND DEMAND: Retail saturation in Hungary remains well below WE or CEE average

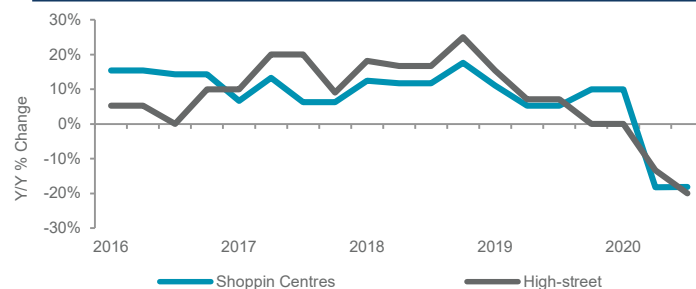
Hungary implemented a total store closure in April, that lead to a serious drop in turnover and footfall. Life has resumed to its pre-crisis norm in the summer months demonstrating that demand has not decreased, and when presented with the opportunity customers will show up. The second wave of COVID-19 is affecting Hungary with restaurants, cafés and bars are currently closed and can only accept take-away orders. In accordance with the new regulation, shopping centre and high street schemes operate under reduced hours until 7 p.m.

High street retail shops are experiencing a much lower footfall due to travel bans which resulted in 50-70 % decline in turnovers. Shopping centres and retail parks, that chiefly cater to the local market, proved to be comparatively resilient. In general, Hungary has a comparatively resilient position as shopping centre saturation is significantly below the Western European average. Moreover, Hungary lags behind the rest of Europe in terms of online retail share, but the growth is expected to be much quicker. Indeed, online sales rocketed up to 9% by year-end, which represents a growth of 40% y-o-y and should exceed 10% by 2022 even assuming it reverts to pre-COVID growth rates. The traditional in store model is changing and retailers are faced with a new situation that is driving innovation and flexibility. The growing importance of e-commerce is undeniable, despite it only being in its infancy in Hungary.

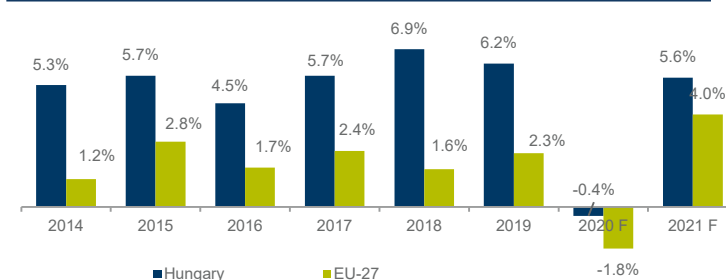
PRICING: Prime high street and shopping centre rents are already affected

High street and leisure have strongly been affected by the second wave of COVID-19; however, shopping centres experienced an improved footfall from early November. Most retailers are focusing at present on saving their existing portfolios, yet, FMCG players remained active. Landlords continue to protect tenants with offering more flexible conditions.

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	6,00%
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	6,00%
Budapest High Street			120	5,25%
Budapest Retail Parks			11,50	7,25%

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
Ceetrus Dunakeszi	Retail Park	Ceetrus/ Private	5,000
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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