

MARKETBEAT BUDAPEST



Industrial Q2 2021

	YoY Chg	12-Mo. Forecast
4.0% Vacancy Rate	▲	▲
€4.75 Prime Rent, Sq m/month	▼	▼
6.50% Prime Yield	▼	▼

(Overall, All Property Classes, as at 30 June 2021)
Source: Cushman & Wakefield, Budapest Research Forum

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
17.8% GDP real, LCU (F)	▲	▼
4.2% Unemployment Rate (F)	▼	▲
35.4% Industrial Production Index (F)	▲	▼
4.3% CPI Index (F)	▲	▼

Annual growth unless otherwise indicated
Source: Moody's, 30 June 2021

ECONOMY: GDP is projected to rebound by 5.0% in 2021 and 6.7% in 2022 respectively

The Hungarian economy demonstrated resilience to the second and third waves of the pandemic-induced restrictions, and economic performance has shown improvement since Q4 2020. According to Moody's Analytics forecasts, a solid rebound is expected from mid-2021 onwards, greatly supported by one of the fastest vaccination rollouts in the EU. 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.

External demand is strengthening with the recovery of major European partners further benefitting growth, given the economy's dependence on exports. The industrial production and exports have strongly rebounded, and even exceeded pre-pandemic levels by April 2021. As a result, the industrial confidence index published by EUROSTAT has strongly improved. It is expected the industrial sector will grow by 13.5% this year and 7.3% in 2022 respectively.

SUPPLY AND DEMAND: Continued high demand with significant new industrial space is being delivered

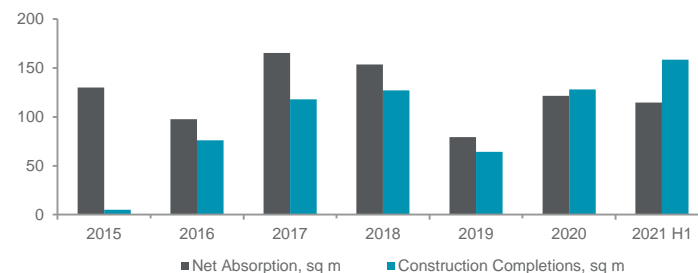
Increased market activity with record high demand levels is in evidence with pre-leases still dominating the Budapest logistics market. Q2 demand equalled 172,700 sq m and was driven by net take-up amounting to 148,980 sqm. Pre-leases dominated with a share of 62%, while new relocation leases in existing stock had a share of 18%. Lease renewals had a share of 13% and amounted to 23,760 sqm. Total demand amounted to 254,500 sqm in the first half of 2021, which is the second largest demand level ever registered.

Four new buildings in existing schemes, amounting to 117,800 sq m were delivered in Q2 2021. We note that almost 339,800 sq m of new space is planned to be delivered in 2021, which marks the largest ever annual new supply registered on the market. Whilst net absorption remained positive at 87,660 sq m in Q2, the speculative stock being delivered has pushed vacancy up by 1.4 percentage-points y-o-y to 4.0%.

PRICING: Rental rates started to consolidate

Headline BTS rents in Q2 have shown consolidation of 3.1% q-o-q, and currently stand at Euro 4.75. Rents on existing stock have remained firm, currently standing at Euro 4.60. Further release of pressure on rents is expected going forward.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & PRIME RENT



MARKETBEAT BUDAPEST

Industrial Q2 2021



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	129 560	3 780	2.9%	0	5 040	0	5 040	€4.75
South	1 164 110	15 660	1.3%	80 790	123 540	56 740	79 180	€4.75
East	625 790	31 280	5.0%	61 090	77 240	74 750	263 580	€4.75
West	623 030	50 180	8.1%	30 860	48 740	31 870	34 000	€4.75
TOTAL BUDAPEST	2 542 490	100 900	4.0%	172 740	254 560	163,360	381 800	€4.75

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	TYPE	TENANT	SIZE (SQ M)	TYPE
GLP Sziget Logistics Centre	LP	Fiege Csoport	43 090	Pre-lease
CTPark Vecsés	LP	Confidential	30 440	Pre-lease
CTPark Vecsés	LP	Confidential	16 480	Pre-lease

KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	TYPE	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
CTPark South	LP	Raben	38 940	CTP
Budapest East BP	LP	Trans-sped	34 000	Weerts
CTPark Budapest West	LP	Tegball	31 890	CTP
Budapest Dock Szabadkikötő	CL	Masped	13 000	Budapest Dock

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

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.

cushmanwakefield.com