MARKETBEAT

BUDAPEST

Office Q2 2021

	YoY Chg	12-Mo. Forecast
9.8% Vacancy Rate	▲	▲
€24.50 Prime Rent, Sq m/month	▼	▬
5.20% 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
517.5Ths Budapest Office Employment (F)	▲	▲
3.3% Budapest Unemployment Rate (F)	▼	▼
4.2% Hungary Unemployment Rate (F)	▼	▲

Source: Moody's as at 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.

Whilst the pandemic hit the labour market and the overall city unemployment remained 0.8 percentage points above the pre-pandemic rate, the Budapest office employment seems to be fully recovered. In addition, the GKI Business Sentiment Index has reached its pre-pandemic level by the end of Q2. Office investment volumes reached EUR 550 million in H1 2021, with domestic funds remaining the most active buyers. Q2 itself has seen seven transactions at a total volume of EUR 352 million.

SUPPLY AND DEMAND: Signs of recovery in occupier activity with significant office space to be delivered

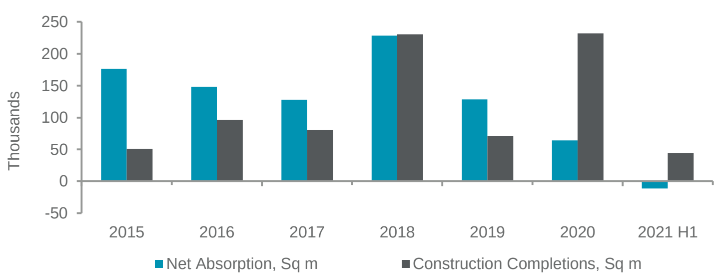
Demand levels have showed signs of recovery, reaching its highest level since the appearance of the virus in Hungary. Total take-up reached 97,990 sq m in Q2 representing a robust increase of 31% quarter-on-quarter. The H1 2021 demand equalled 172,900 sq m representing an increase of 3% year-on-year. Net take-up, which amounted to 58,940 sq m has dominated the leasing market with a share of 60%. Renewals amounted to 39,050 sq. m. Vacancy rate continued to trend upwards to 9.8%, showing an increase of 0.8 percentage points q-o-q. Net absorption turned negative as the occupied stock decreased by 16,720 sq m.

BudaPart City of 19,700 sq m was delivered at the BudaPart project in this quarter. New supply for the period of 2021-2022 remains constrained at a total level of 356,000 sq m and at a pre-let status of 52%.

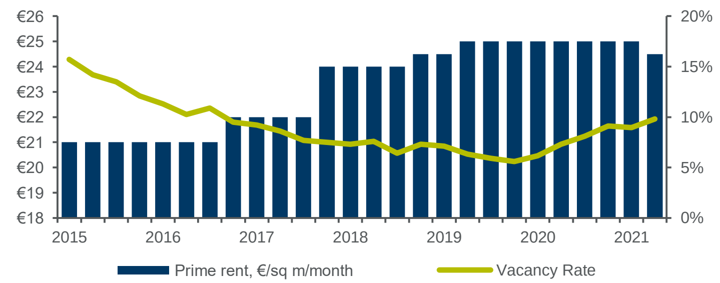
PRICING: Slight consolidation of prime headline office rents

Flexibility is gaining importance in leasing decisions for most occupiers, with large occupiers are requiring shorter terms in their renewal negotiations. Prime headline rents have experienced 2-3% consolidation in the most focal submarkets of the capital.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT

BUDAPEST

Office Q2 2021

CUSHMAN & WAKEFIELD

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	OVERALL 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 / MTH)
CBD	380 940	37 520	9.8%	13 650	19 295	0	2 725	€24.50
Central Pest	643 590	78 440	12.2%	26 730	28 820	0	95 580	€17.00
Central Buda	439 250	24 230	5.5%	11 870	21 290	0	19 320	€17.50
Non-Central Pest	530 500	76 130	14.4%	7 880	9 990	2 700	74 400	€15.00
North Buda	325 925	14 300	4.4%	2 810	5 935	0	25 500	€15.50
South Buda	477 800	53 535	11.2%	3 655	13 040	41 755	137 050	€17.00
Váci Corridor	1 026 830	68 110	6.6%	29 860	68 160	0	102 500	€17.50
Periphery	130 730	36 640	28.0%	1 540	6 360	0	0	€11.00
BUDAPEST TOTALS	**3 955 565**	**388 905**	**9.8%**	**97 995**	**172 890**	**44 455**	**457 075**	**€24.50**

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SIZE (SQ M)	TYPE
Corvin Innovation Campus	Central Pest	IBM	14 450	Pre-lease
Gateway Office Building	Váci Corridor	Magyar Posta	13 780	Renewal
Liget Center + Auditorium	Central Pest	Confidential	8 000	Pre-lease & New
Váci Greens C	Váci Corridor	Confidential	5 210	Renewal

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SQ M
Univerzum & Magyar Nobel-díjasok Parkja	South Buda	WING / Confidential	46 000
Terrapark A-B	Periphery	Blue House / M7 Real Estate	28 500
Váci Greens F	Váci Corridor	Atenor Group / Confidential	25 050
BC140	Váci Corridor	DWS Group / Resolution Property PLC	16 270

KEY CONSTRUCTION COMPLETIONS 2021 Q2

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
BudaPart City	South Buda	Bayer	19 755	Property Market

Source: Cushman & Wakefield Research, Budapest Research Forum

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.

cushmanwakefield.com