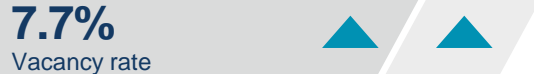


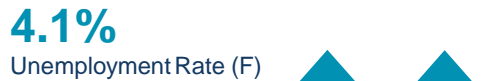
YoY Chg 12-Mo. Forecast



(Overall, All Property Classes, as of 30 December 2023 and 11 January 2024 respectively)
Source: Cushman & Wakefield, Budapest Research Forum

ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast



Annual growth forecast unless otherwise indicated;
*Quarterly data
Source: Moody's, 11 January 2024

ECONOMY: Growth forecast from 2024

Hungary faced a recession in Q1 2023, but signs of recovery emerged by the year-end. Disinflation, fuelled by declining energy prices and stringent monetary measures, led Moody's to revise GDP growth forecasts to -0.6% for 2023 and a more optimistic 2.9% for 2024. The nation's export-driven economy faced challenges due to subdued global demand, particularly from Europe and China, impacting industrial production negatively throughout 2023. A potential positive turn is anticipated in Q1 2024. Despite economic hurdles, investments in the auto industry, and particularly the electric-vehicle industry, continue to flow into Hungary. A notable achievement was securing a large-scale agreement with Chinese electric vehicle giant BYD, designating Hungary as its first European production location. Despite overall investment remained subdued in 2023, Q4 saw a significant transaction which boosted the total Logistics and Industrial (L&I) investment volume to € 85 million for the year.

SUPPLY AND DEMAND: Lease renewals take dominant role in the market dynamics

In 2023, the Hungarian L&I market experienced a significant growth spurt, witnessing the addition of 517,800 sq m of new logistics space. This expansion translated to a remarkable 12% increase in total stock compared to Q4 2022. The year also saw an unprecedented annual net absorption of 336,300 sq m, reaching the highest figure ever recorded. The surge in new projects, however, contributed to a rise in the vacancy rate, reaching 8.6% in Greater Budapest and 7.7% at the national level by the end of Q4. This increase indicates a heightened competition among landlords, driven by the growing number of available spaces. Despite a 7% decrease compared to the previous year, the gross take-up in Hungary almost reached the record figure of 2022. Notably, the take-up structure underwent a shift towards lease renewals, with Greater Budapest seeing lease renewals account for 47% of the total take-up, a significant increase from the 21% recorded in 2022. Looking ahead, the pipeline remains robust, with 447,600 sqm of logistics space under construction for 2024. 57% of this space is already pre-let, which suggests another substantial annual expansion in the L&I market for the upcoming year.

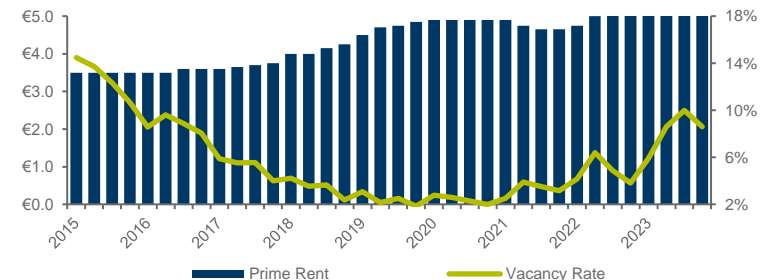
PRICING: Steady rent from year-end

In Greater Budapest, prime rents have shown a significant year-on-year increase of 10.3%. However, in the last quarter, rental growth came to a halt, attributed to heightened competition, with rents stabilizing at €5.90 per square meter. Despite a relaxation in inflationary pressure, the expectation is that prime rents will likely maintain stable in the foreseeable future.

GREATER BUDAPEST SPACE DEMAND / DELIVERIES



GREATER BUDAPEST OVERALL VACANCY & PRIME RENT



MARKETBEAT HUNGARY



Industrial Q4 2023

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)
Budapest North	445 035	97 735	22.0%	28 870	66 330	101 485	4 285	€ 5.90
Budapest South	1 209 855	64 815	5.4%	53 435	87 900	32 360	138 600	€ 5.90
Budapest East	823 260	97 825	11.9%	141 425	215 780	116 405	46 000	€ 5.90
Budapest West	1 009 675	38 185	3.8%	90 075	260 750	107 755	115 505	€ 5.90
TOTAL GREATER BUDAPEST	3 487 825	298 560	8.6%	313 805	630 760	358 005	304 390	€ 5.90
Central Hungary	32 795	1 025	3.1%	-	-	-	-	€ 5.90
Central Transdanubia	437 190	29 480	6.7%	21 960	51 775	17 515	56 270	€ 5.90
Northern Great Plain	254 185	13 460	5.3%	-	35 700	-	31 260	€ 5.90
Northern Hungary	216 465	24 040	11.1%	10 000	16 000	53 170	10 000	€ 5.80
Southern Great Plain	187 135	3 900	2.1%	5 350	66 585	40 180	45 645	€ 5.90
Southern Transdanubia	52 950	2 010	3.8%	-	-	-	-	€ 5.00
Western Transdanubia	422 025	17 400	4.1%	710	59 830	48 935	-	€ 5.60
TOTAL COUNTRYSIDE	1 602 745	91 315	5.7%	38 020	229 890	159 800	143 175	€ 5.90
TOTAL HUNGARY	5 090 570	389 875	7.7%	351 825	860 650	517 805	447 565	€ 5.90

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	TYPE	TENANT	Quarter	SIZE (SQ M)	TYPE
GLP Üllő Logistics Centre	LP	Confidential	Q4	82,320	renewal
Rossmann HQ (BTS)	LP	Rossmann	Q4	32,000	pre-lease
HelloParks Páty – PT3	LP	Transdanubia	Q4	24,350	pre-lease
HelloParks Páty – PT1	LP	DHL	Q4	20,120	new

KEY CONSTRUCTION COMPLETIONS Q4 2023

Location	PROPERTY	TYPE	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Budapest	Budapest Dock Szabadkikötő	LP	Confidential	13,770	BSZL
Fót	East Gate Pro - A2	LP	None	9,820	WING
Törökbálint	LogStar Park West Gate -H	LP	Confidential	8,400	Biggeorge
Üllő	VGP Park Aerozone – A1	LP	Confidential	8,400	VGP

Source: Cushman & Wakefield Research, Budapest Research Forum

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