

	YoY Chg	12-Mo. Forecast
8.2% Vacancy rate	▲	▲
€5.90 Prime Rent, Sq m/month	▲	▬
7.00% Prime Yield	▲	▲

(Overall, All Property Classes, as of 31 March 2024 and 10 April 2024 respectively)
Source: Cushman & Wakefield, Budapest Research Forum

ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
2.6% GDP real, LCU (F)	▲	▲
4.9% Unemployment Rate (F)	▲	▬
-1.6% Industrial Production Index (F)*	▲	▲
3.3% CPI Index (F)	▼	▬

Annual growth forecast unless otherwise indicated;
*Quarterly data
Source: Moody's, 10 April 2024

ECONOMY: Recovery commences in 2024

Hungary navigated a recession in Q1 2023, but by year-end, signs of recovery emerged, leading to stabilised economic performance in Q4. This positive trajectory is expected to persist through 2024. Notably, January saw a notable decline in inflation to 3.8%, prompting the National Bank of Hungary to lower its base rate to 8.25% in March, aligning with the disinflationary trend. Moody's forecasts suggest a 2.6% growth for Hungary in 2024, with further expansion to 3.2% in 2025. This growth will be chiefly propelled by internal demand, buoyed by easing inflation, rising wages, and heightened consumer confidence. Despite reduced demand from key trading partners, the industrial sector witnessed a commendable 1.8% year-over-year increase in production in February 2024. This recovery trend is expected to continue, with energy prices no longer posing a significant constraint. Hungary's move to import gas from Turkey in 2024 enhances energy security. Investment in Hungary's auto industry, especially in electric vehicles, remains robust, solidifying its status as a manufacturing hub. Furthermore, following subdued investment activity in 2023, the logistics and industrial market is showing increased interest, with two transactions closed, setting a promising trajectory for 2024.

SUPPLY AND DEMAND: Subdued leasing activity, strong development pipeline

In Q1 2024, leasing activity dipped both nationally and in Greater Budapest. However, there was a notable shift towards net take-up, with new leases, pre-leases, and expansions making up 86% of the gross take-up in Greater Budapest. Impressively, net take-up surged by 35% compared to the previous year. Despite this positive trend, vacancy rates saw a slight increase, reaching 8.9% in Greater Budapest and 6.5% in the countryside. Negative net absorption in Q1 2024 indicates heightened competition among landlords due to an uptick in available spaces. Stock extension slowed momentarily, with only one scheme delivered in Q1. Yet, a robust pipeline of projects totalling 703,320 sq m of industrial space is planned for completion by 2025. Notably, 58% of this pipeline is pre-let in Greater Budapest. Furthermore, 35% of the pipeline extends beyond the capital, signalling significant regional development in Hungary's industrial sector.

PRICING: Stagnating rental levels

In Greater Budapest, prime rents saw a significant 5.4% increase in year-on-year comparison. However, rental growth came to a halt starting from Q4 2023 due to heightened competition, resulting in rents stabilising at €5.90 per square metre.

GREATER BUDAPEST SPACE DEMAND / DELIVERIES



GREATER BUDAPEST OVERALL VACANCY & PRIME RENT



MARKETBEAT HUNGARY



Industrial Q1 2024

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	95 670	21.5%	5 855	5 855	-	13 550	€ 5.90
Budapest South	1 215 475	75 085	6.2%	7 205	7 205	-	198 295	€ 5.90
Budapest East	856 515	92 835	10.8%	16 105	16 105	-	132 410	€ 5.90
Budapest West	1 005 130	50 115	5.0%	61 710	61 710	-	115 505	€ 5.90
TOTAL GREATER BUDAPEST	3 522 155	313 705	8.9%	90 875	90 875	-	459 760	€ 5.90
Central Hungary	22 540	1 025	4.5%	-	-	-	-	€ 5.90
Central Transdanubia	428 615	39 170	9.1%	16 640	16 640	-	72 270	€ 5.90
Northern Great Plain	244 655	23 160	9.5%	1 170	1 170	5 650	91 610	€ 5.90
Northern Hungary	222 615	17 875	8.0%	-	-	-	31 000	€ 5.80
Southern Great Plain	188 035	2 600	1.4%	1 300	1 300	-	48 680	€ 5.90
Southern Transdanubia	52 950	2 010	3.8%	-	-	-	-	€ 5.00
Western Transdanubia	422 025	17 245	4.1%	-	-	-	-	€ 5.60
TOTAL COUNTRYSIDE	1 581 435	103 085	6.5%	19 110	19 110	5 650	243 560	€ 5.90
TOTAL HUNGARY	5 103 590	416 790	8.2%	109 985	109 985	5 650	703 320	€ 5.90

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	TYPE	TENANT	Quarter	SIZE (SQ M)	TYPE
InPark Tatabánya	LP	Raben	Q1	16,000	Pre-lease
CTPark Budapest West BIA2	LP	Confidential	Q1	16,000	New
CTPark Budapest West 1 BIA3	LP	Confidential	Q1	11,920	New
CTPark Budapest West BIA2c	LP	Confidential	Q1	10,700	Pre-lease
HelloParks Páty PT2	LP	Gebrüder Weiss	Q1	8,785	Pre-lease

KEY CONSTRUCTION COMPLETIONS Q1 2024

Location	PROPERTY	TYPE	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Debrecen	Regionális és Innovációs Tudományos Technológiai Park - ShareL	LP	None	5,650	Xanga

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