

	YoY Chg	12-Mo. Forecast
8.5% Vacancy rate	▲	▲
€5.80 Prime Rent, Sq m/month	■	■
7.00% Prime Yield	▲	■

(Overall, All Property Classes, as of 30 June 2024 and 9 July 2024 respectively)
Source: Cushman & Wakefield, Budapest Research Forum

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
2.5% GDP real, LCU (F)	▲	▲
4.8% Unemployment Rate (F)	▲	■
1.3% Industrial Production Index (F)*	▲	▲
4.1% CPI Index (F)	▼	▼

Annual growth forecast unless otherwise indicated;
*Quarterly data
Source: Moody's, 9 July 2024

ECONOMY: 2024 rebound with GDP growth and disinflation

Hungary's economic recovery continued in the first half of 2024, with several indicators demonstrating notable improvement. The unemployment rate stood at 4.6% in February and expected to stabilize at 4.8% in the second half of the year. Real wages have continued to increase, and inflation has stabilised near 4%. In response, the National Bank of Hungary lowered its interest rate to 7.25% in May, with further rate cuts expected. After a decline in industrial production in previous quarters, the industrial sector witnessed a moderate 1.3% year-on-year increase in production in Q2. This growth was predominantly driven by the transportation and electrical equipment manufacturing industries. Investments in the auto industry, particularly in the electric vehicle sector, continue to flow into Hungary. Due to these improving indicators, Moody's forecasts a 2.5% growth for 2024 and 3.1% for 2025. However, uncertainty around energy prices and energy security remains a potential risk for Hungary. To enhance energy security, Hungary moved to import gas from Turkey in 2024. Additionally, following subdued investment activity in 2023, the logistics and industrial sectors attracted renewed investor interest in H1 2024, with three transactions concluded, totalling €40 million.

SUPPLY AND DEMAND: Leasing activity fuelled by major pre-leases, robust development pipeline

Following a weaker start to the year, leasing activity gained momentum in Q2. A significant pre-lease agreement concluded by CTP in Q2 boosted the volume of net take-up in Greater Budapest, increasing it by 29% compared to the same period the previous year. Despite this recovery, the gross take-up in H1 2024 nationally remained 17% lower compared to the same period in 2023. Net absorption turned positive in Q2, and the vacancy rate in Greater Budapest decreased to 8.5%. Conversely, in the countryside, vacancy rates increased to 8.5%. The expansion of industrial stock continued in Q2, with an additional 484,250 square meters of industrial space scheduled for completion in 2024 and 211,775 square meters expected to be delivered in 2025. Notably, 64% of this pipeline is pre-let in Greater Budapest. Additionally, 27% of the new industrial space will be completed in regional Hungary, highlighting the emergence of regional markets. The most attractive locations for regional developments are Debrecen and Kecskemét.

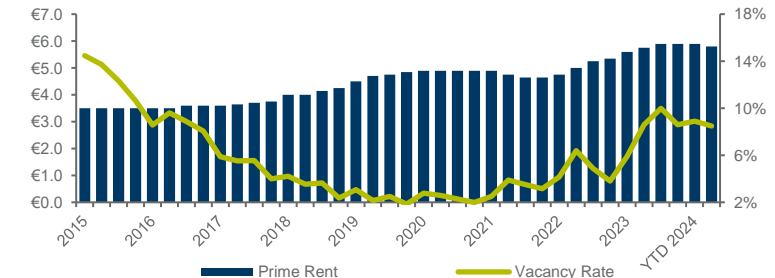
PRICING: Prime rents experienced slight decline

In Greater Budapest, prime rents decreased slightly by 1.7% quarter-on-quarter, settling at €5.80 per square meter at the end of Q2. Additionally, rents across the market are under pressure, leading landlords to offer more incentives to attract and retain tenants. This highlights a competitive leasing environment.

GREATER BUDAPEST SPACE DEMAND / DELIVERIES



GREATER BUDAPEST OVERALL VACANCY & PRIME RENT



MARKETBEAT HUNGARY



Industrial Q2 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	91 165	20.5%	6 085	11 940	-	13 550	€ 5.80
Budapest South	1 215 475	82 030	6.7%	12 425	19 630	-	198 295	€ 5.80
Budapest East	856 515	51 355	6.0%	67 810	83 915	-	158 660	€ 5.80
Budapest West	1 046 915	78 495	7.5%	102 035	163 745	41 785	73 660	€ 5.80
TOTAL GREATER BUDAPEST	3 563 940	303 045	8.5%	188 355	279 230	41 785	444 165	€ 5.80
Central Hungary	22 540	17 300	76.8%	-	-	-	-	€ 5.80
Central Transdanubia	439 410	53 655	12.2%	1 815	18 455	10 795	61 235	€ 5.80
Northern Great Plain	244 655	21 075	8.6%	2 700	3 870	5 650	121 445	€ 5.80
Northern Hungary	234 910	22 675	9.7%	-	-	12 300	20 500	€ 5.80
Southern Great Plain	188 035	550	0.3%	24 050	25 350	-	48 680	€ 5.50
Southern Transdanubia	52 950	2 010	3.8%	-	-	-	-	€ 5.00
Western Transdanubia	393 520	16 665	4.2%	-	-	-	-	€ 5.60
TOTAL COUNTRYSIDE	1 576 020	133 930	8.5%	28 565	47 675	28 745	251 860	€ 5.80
TOTAL HUNGARY	5 139 960	436 975	8.5%	216 920	326 905	70 530	696 025	€ 5.80

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	TYPE	TENANT	Quarter	SIZE (SQ M)	TYPE
CTPark	LP	Confidential	Q2	57,000	Pre-lease
VGP Park Kecskemét	LP	Confidential	Q2	22,000	Pre-lease
CTPark Ecser	LP	Confidential	Q2	15,000	New

KEY CONSTRUCTION COMPLETIONS Q2 2024

Location	PROPERTY	TYPE	MAJOR TENANT	SIZE (SQ M)	OWNER/DEVELOPER
Greater Budapest	HelloParks Páty PT2	LP	Gebrüder Weiss	41,785	HelloParks
Tiszaújváros	IGPark Tiszaújváros	LP	Jabil extension	12,300	Infogroup
Székesfehérvár	Alba Ipari Zóna P, Q	LP	None	10,795	m59

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