

MARKETBEAT HUNGARY

Investment H1 2024



YoY Chg. 12-Mo. Forecast

6.25%

Prime Yield (OFF)



€ 179 M

2024 H1 Volume



-35%

YTD Volume y/y Change



All Property Classes, prime yield as of 30 June 2024,
Source: Cushman & Wakefield Research

ECONOMIC INDICATORS Q2 2024

2.5%

GDP*

YoY Chg.



12-Mo. Forecast



4.8%

Unemployment Rate



6.31%

5-Yr EUR Swap**



6.61%

10-Yr Interest Rate



* Annual growth forecasts

** As of end of June 2024

Source: Moody's as of 09 July 2024

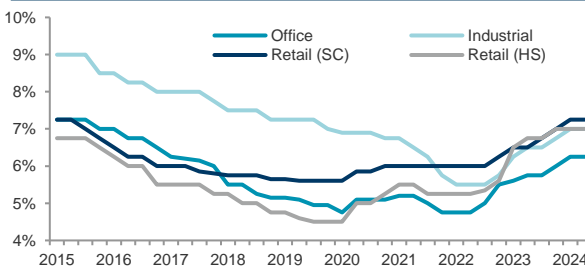
ECONOMY: 2024 rebound with GDP growth and disinflation

Hungary's economic recovery continued in the first quarter of 2024, with GDP increasing by 1.1% year-on-year. Several indicators showed notable improvement during the first half of the year. The unemployment rate stood at 4.6% in February and is expected to stabilise at 4.8% in the second half of the year. Real wages have continued to rise, supporting consumer confidence, household consumption, and retail sales. Firm monetary policy and lower commodity prices have contributed to disinflation, stabilising inflation near 4%. In response, the National Bank of Hungary lowered its interest rate to 7.25% in May, with further cuts expected, potentially reducing the central interest rate to 6% by the end of 2024. Moody's forecasts 2.5% growth for 2024 and 3.1% for 2025, fuelled by the return of domestic demand and credit demand.

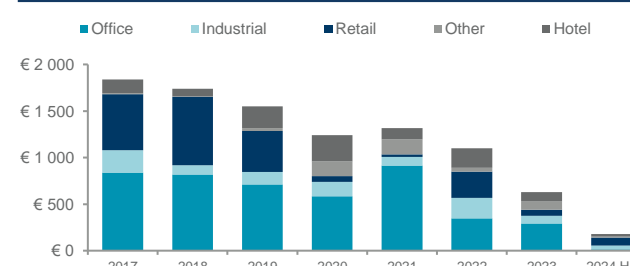
INVESTMENT OVERVIEW: Market activity remains slow until full repricing

The investment landscape in Hungary experienced subdued activity in the first half of 2024, reminiscent of the levels seen post-Great Financial Crisis, reflecting the global economic scenario. Total investments in the first half of 2024 amounted to EUR 179 million, with the traditional commercial real estate (CRE) transactional volume alone reaching approximately 85% of this total. Retail emerged as the leading sector, constituting 50% of the market, with six investments completed. Notably, the sale of the iconic Vörösmarty 1 was successfully completed in March, alongside transactions involving two Decathlon stores and two Interspar stores in the countryside. Office investment activity remained sluggish, with only a few smaller office schemes transacted in the first half of 2024, making up just 8% of the total market volume. Conversely, the logistics and industrial sectors attracted renewed investor interest, with three transactions totalling EUR 40 million, constituting 22% of the market. The stabilisation of yields is on the horizon as repriced yield levels have begun consolidating, yet they continue to play a pivotal role in shaping the investment landscape.

PRIME YIELD TREND



INVESTMENT SALES VOLUME BY SECTOR



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INVESTMENT ACTIVITY H1 2024

PROPERTY TYPE	YTD NO. OF TRANSACTIONS	YTD SALES VOLUME (€ MILLION)	AVERAGE VOLUME PER PROPERTY (€ MILLION) *	PRIME SECTOR-YIELD (%)
Office	4	14	3.5	6.25
Industrial	3	40	13.4	7.00
Retail	6	88	14.6	7.00

ECONOMIC SUMMARY

* As the quotient of the data presented above

ECONOMIC INDICATORS*	2018	2019	2020	2021	2022	2023	2024
GDP growth (%)	5.4%	4.6%	-4.9%	7.1%	4.6%	-0.7%	2.5%
Private consumption expenditure (%)	5.1%	5.0%	-1.4%	4.2%	5.1%	-6.4%	3.1%
Unemployment rate (%)	3.6%	3.3%	4.1%	4.1%	3.6%	4.1%	4.8%
Inflation (%)	2.9%	3.7%	3.3%	5.1%	15.3%	17.1%	4.1%
HUF/USD (average)	270.2	290.7	308.0	303.1	372.6	352.9	362.72
Interest Rates: 10-year bond yield (%)	3.1%	2.5%	2.2%	3.1%	7.6%	6.9%	6.59%

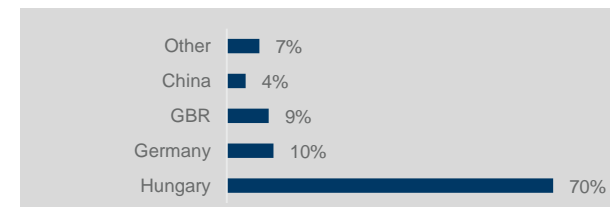
Annual % growth unless otherwise indicated. Source: Moody's Analytics as at June 2024

SIGNIFICANT SALES – 2024

PROPERTY NAME	TYPE	BUYER	SELLER	SIZE (SQ M / ROOMS)	MARKET
Vörösmarty 1	Hight Street	Indotek	Confidential	6,350	Budapest CBD
Faedra22 Park	Industrial	German private	Faedra Group	16,600	Budapest, District 22
DS Smith Warehouse	Industrial	DS Smith	OTP RE Fund	28,300	Győr
Hotel Budapest (Körszálló)	Hotel	Property Market Zrt.	Danubious Hotel Groups	280	Budapest Central Buda
2 Interspar stores (Nyíregyháza & Zalaegerszeg)	Retail	Unione Group	Confidential	17,800	Multi-city
Obi Fót	Retail	Confidential	Hungarian private company	13,000	Fót
Decathlon Zalaegerszeg	Retail	Hungarian Private Investor	Decathlon	3,100	Zalaegerszeg
Decathlon Kecskemét	Retail	Hungarian Private Investor	Decathlon	3,300	Kecskemét
Révay 10	Office	Hungarian private company	Hungarian property company	3,400	Budapest CBD

Closed transactions. Source: Real Capital Analytics, Cushman & Wakefield Research

H1 2024 ACQUISITIONS BY CAPITAL SOURCE COUNTRY*



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