

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| €1,648 Average monthly wage (EUR) * | ▲ | ▲ |
| €130.00 Prime HS Rent, Sq m/month | ▲ | ■ |
| 7.00% Prime HS Yield | ▲ | ■ |

* As of June 2024, HCSO calculated at an exchange rate of 31 July 2024. Average regular gross salary. Prime rent and yield for High Street units as of 30 June 2024. Source: Cushman & Wakefield, Moody's

ECONOMIC INDICATORS Q2 2024

| | YoY Chg | 12-Mo. Forecast |
|---|---------|-----------------|
| 2.5% GDP Real, LCU * | ▲ | ▲ |
| 4.8% Unemployment Rate * | ▲ | ■ |
| 4.1% Consumer Price Index* | ▼ | ▼ |
| 3.2% Retail Sales Volume Index * | ▲ | ■ |

* Annual growth forecast. Source: Moody's as of 9 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. The unemployment rate stood at 4.6% in February and is expected to stabilise at 4.8% in the second half of the year. 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. Real wages have continued to rise, supporting consumer confidence, household consumption, and retail sales. Moody's forecasts 2.5% growth for 2024 and 3.1% for 2025, fuelled by the return of domestic demand and credit demand. While investment volume dropped compared to previous years, the retail sector attracted significant investments, accounting for 50% of the investment volume registered in the first half of the year. In March, the sale of the iconic Vörösmarty 1 was successfully completed, along with transactions involving two Decathlon stores and two Interspar stores in the countryside.

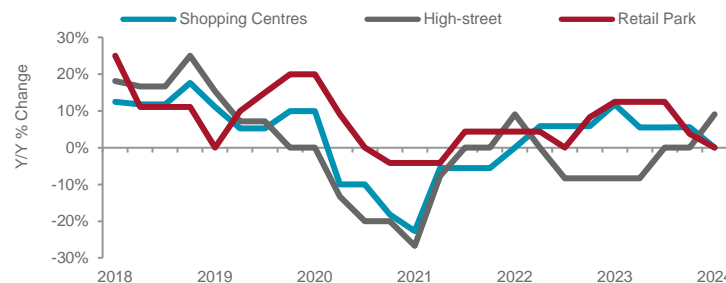
SUPPLY AND DEMAND: Developers and tenants increasingly targeting regional markets for expansion

As inflationary pressures eased, signs of economic recovery emerged at the beginning of 2024. Retail sales started to grow, with monthly increases year-on-year since January. In the January-May period, the Hungarian Central Statistical Office (HCSO) registered a 2.7% growth compared to the same period last year. Online retail sales are also on an expanding trajectory, showing increases every month compared to the previous year. In May, online retail sales accounted for 7.9% of total retail sales, marking a 3.2% growth compared to May 2023. The Hungarian retail stock has remained largely unchanged for many years, with large-scale developments being rare. However, there has been a notable increase in smaller retail projects in the countryside, anchored by mass-market brands such as Kik, Pepco, Rossmann, JYSK, and Sinsay, which are now entering smaller regional cities. In the first quarter, two smaller retail park schemes were delivered in Békéscsaba and Várpalota. By the end of the year, an additional 30,900 sq m of retail space is expected to be completed in Cegléd, Ózd, Szombathely, and Bonyhád. Additionally, Müller Üzletház is set for completion by year-end on Váci utca. In the first half of 2024, several new brands entered the Hungarian market. Primark opened its flagship store in Arena Mall on 4,200 sq m in May, while the Turkish fashion brand Koton announced its arrival in Hungary with eight stores. Its flagship store will be located in KÖKI Mall, with the brand also targeting regional locations.

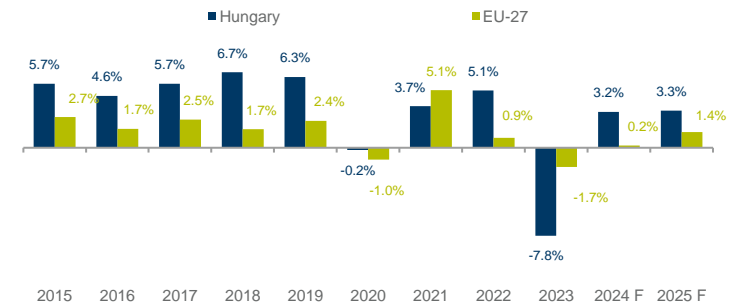
PRICING: Rental growth potential limited for 2024

High street prime rents increased by 18.1% year-on-year in Q2 2024, indicating a rebound in this sector. Meanwhile, other sectors have maintained stability during the same period. Projections for the remainder of 2024 suggest that rental levels will remain steady, with limited potential for further growth.

PRIME RENT



RETAIL SALES Y/Y GROWTH



MARKET STATISTICS*

| SUBMARKET | SHOPPING CENTRE STOCK SQ M | RETAIL PARK&WHS SQ M | RETAIL PIPELINE SQ M |
|-----------------------|----------------------------|----------------------|----------------------|
| BUDAPEST | 822 860 | 365 770 | 37 685 ** |
| CENTRAL HUNGARY | 0 | 417 265 | 92 645 |
| CENTRAL TRANSDANUBIA | 54 130 | 131 305 | 22 145 |
| NORTHERN HUNGARY | 29 200 | 21 100 | 10 810 |
| NORTHERN GREAT PLAIN | 149 290 | 178 425 | 16 500 |
| SOUTHERN GREAT PLAIN | 92 985 | 155 400 | 8 300 |
| SOUTHERN TRANSDANUBIA | 61 710 | 126 335 | 22 090 |
| WESTERN TRANSDANUBIA | 108 900 | 293 200 | 35 385 |
| HUNGARY TOTAL | 1 319 075 | 1 688 800 | 245 560*** |

KEY SALES TRANSACTIONS

| PROPERTY | TYPE | SELLER / BUYER | Year | SQ M |
|---|------------------|--|------|--------|
| Vörösmarty 1 | High Street | Confidential / Indotek | 2024 | 6 350 |
| Decathlon Zalaegerszeg | Retail Warehouse | Decathlon / Hungarian Private Investor | 2024 | 3,100 |
| Decathlon Kecskemét | Retail Warehouse | Decathlon / Hungarian Private Investor | 2024 | 3,300 |
| 2 Interspar stores Nyíregyháza & Zalaegerszeg | Hypermarket | Confidential / Unione Group | 2024 | 17,800 |

KEY PIPELINE PROJECTS

| PROPERTY | SUBMARKET | DELIVERY DATE | TYPE | SIZE (SQ M) |
|----------------------------------|---------------------------------|---------------|------|-------------|
| Praktiker | Central Transdanubia - Veszprém | Q4 2024 | New | 7 700 |
| Müller Üzletház | CBD - Budapest | Q4 2024 | New | 3 000 |
| Zugló Városközpont / Zenit Corso | Non-Central Pest Budapest | Q4 2025 | New | 11 000 |
| Centrale | Non-Central Pest Budapest | 2026 | New | 10 000 |

KEY CONSTRUCTION COMPLETIONS

| PROPERTY | SUBMARKET | DELIVERY DATE | TYPE | SIZE |
|---------------------------|-------------------------|---------------|---------------|-------|
| Corvin Áruház | Central Pest – Budapest | Q4 2023 | Refurbishment | 7 300 |
| Békéscsaba KIK + Rossmann | Békéscsaba | Q1 2024 | New | 3 500 |
| Shopping Center Várpalota | Várpalota | Q1 2024 | New | 4 700 |

Source: Cushman & Wakefield Research

| | PRIME RENTS | | PRIME YIELDS | |
|---------------------------------|------------------|--------------|--------------|--------|
| | EURO/MONTH /SQ M | Y-O-Y GROWTH | CURRENT Q | LAST Y |
| BUDAPEST HIGH STREET | 130.0 | 18.2 % | 7.00% | 6.75% |
| BUDAPEST PRIME SHOPPING CENTRES | 95.0 | 0 % | 7.25% | 6.50% |
| RETAIL PARKS (OUT OF TOWN) | 13.5 | 0 % | 7.50% | 7.25% |

* The Hungarian Retail stock is under revision; the stock of Shopping Centres and Retail Parks has already been revised and recalculated. The stock of Supermarkets and Hypermarkets is still under review. In line with the practice in CEE countries, the retail stock comprises of retail schemes with a Gross Lettable Area (GLA) over 5,000 sq m.

Includes refurbishment , *Includes planned and U/C. U/C can either be new supply or refurbishment.

High Street unit represents an actual or theoretical shop situation in the prime retail location in a market. The market could be a specific street or broader area. Data should reflect the standard unit prevalent in that market, thus the typical frontage and depth may vary market to market.

Shopping Centre is a centrally managed purpose-built retail facility, comprising units and communal areas, with a Gross Lettable Area (GLA) of or over 5,000 sq m. The centre can include a mix of shops, restaurants, service and leisure operators.

Retail park which is purpose-built typically by a single developer with a common design, comprises at least two warehouse-type units, has a minimum total GLA of 5,000 sq m, has car parking facilities shared by all units, has majority of units occupied by professional retailers. Given the nature of their location edge/out-of-town and type of retail offer, accessibility by car is important for the vast majority of retail park schemes.

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