



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
8.7% Vacancy Rate	▲	▲
€5.8 Prime Rent, Sq m/month	▼	▲
7.00% Prime Yield	▲	▼

(Overall, All Property Classes, as of 30 September
Source: Cushman & Wakefield, Budapest Research Forum)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
2.0% GDP real (F)	▲	▲
4.6% Unemployment rate	▲	▲
1.0% Industrial Production Index*	▲	▲

Annual growth forecast unless otherwise indicated;
*Quarterly data
Source: Moody's Analytics, 4 October 2024

ECONOMY: GROWTH PROSPECTS IN 2025 AND 2026

Hungary's economy demonstrated resilience over the summer, although growth decelerated after a strong start to the year and lost momentum by the third quarter. Moody's Analytics forecasts GDP growth of 2.0% for 2024, with a stronger economic outlook projected for 2025 and 2026. Since April 2024, high energy prices and subdued global demand have restrained industrial production growth, but the sector is expected to recover gradually. As global demand improves and interest rates decline, industrial output should gain further traction. Meanwhile, robust investments in Hungary's automotive sector, particularly in electric vehicles, underscore the country's growing role as a European hub for this industry. Hungary's labour market remains stable, with unemployment holding at 4.6%. However, inflation persists near the central bank's upper tolerance limit of 4% and is expected to remain elevated through the end of 2024. In response, the central bank cut the base interest rate to 6.5% in September to help moderate inflationary pressures. Investor interest has remained muted, continuing the trends of 2023. Through the first three quarters of 2024, only three industrial transactions were recorded, totalling €40 million.

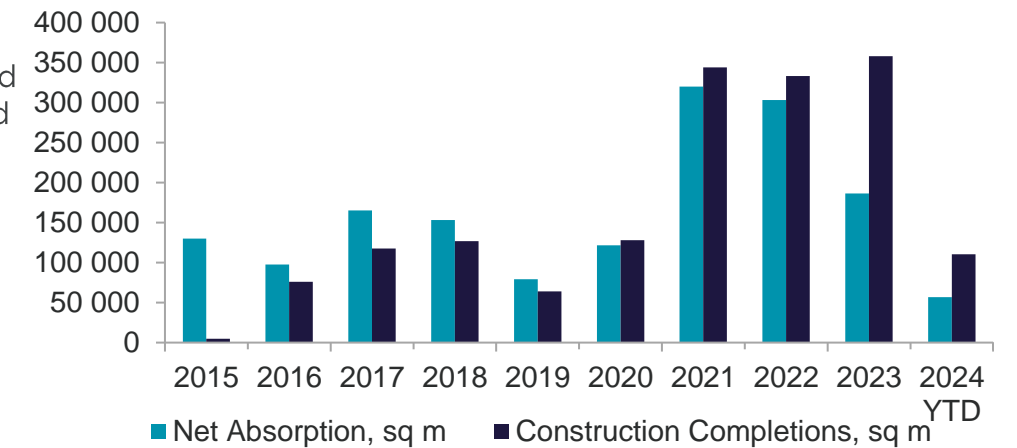
SUPPLY & DEMAND: EMERGING REGIONAL MARKETS

Industrial stock expansion continued in Hungary during Q3, with 156,650 sq m of new industrial space added. Of this new space, 56% was delivered outside of Budapest, where demand has surged. Net absorption reached an exceptionally high level, demonstrating strong demand for new industrial space. In Greater Budapest, however, the vacancy rate rose by 110 basis points q-o-q to 9.6%, driven by new completions and tenant movements. In contrast, the countryside saw a decrease in vacancy to 6.6%. An additional 284,450 sq m of industrial space is scheduled for completion in Q4, with a substantial 75% already pre-let. Looking further ahead, 395,985 sq m is under construction for 2025 and 2026, 43% of which is located in regional Hungary, emphasising the growth of industrial markets beyond the capital. YTD 2024 gross take-up in Hungary decreased by 11.5% compared to the same period in 2023, while net take-up has remained stable nationwide. Greater Budapest saw contrasting performance, with both gross and net take-up increasing. In Greater Budapest, new transactions comprised 52% of gross take-up in Q3, followed by lease renewals at 43%. Pre-leases accounted for only 2% in Greater Budapest, whereas regional markets remain dominated by pre-leases; however, in Q3, new leases made up a notable 62% of regional take-up.

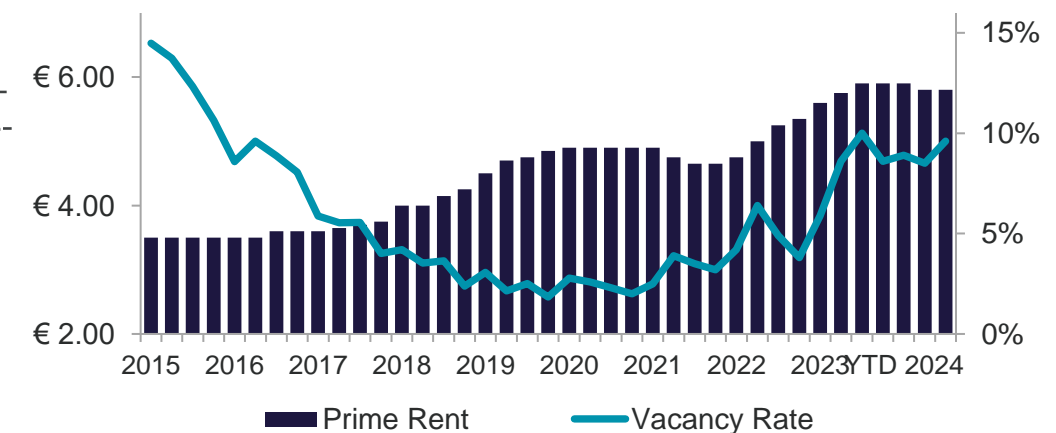
PRICING: STABILISING PRIME RENTS

In Greater Budapest, prime rents stabilised in Q3 at €5.80 per sq m following a slight y-o-y decrease of 1.7%. Market-wide rental rates are under pressure, prompting landlords to increase incentives to attract and retain tenants, including rent-free periods and fit-out contributions.

SPACE DEMAND / DELIVERIES



GREATER BUDAPEST OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	OVERALL VACANCY RATE	CURRENT QUARTER TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (€/SQ M/MONTH)
Budapest North	449,290	72,885	16.2%	28,290	40,230	4,255	9,265	5.80
Budapest South	1,215,475	86,745	7.1%	43,930	63,560	0	198,295	5.80
Budapest East	910,920	72,250	7.9%	30,795	114,710	54,410	104,250	5.80
Budapest West	1,053,155	116,460	11.1%	6,730	170,475	51,890	70,145	5.80
GREATER BUDAPEST TOTAL	3,628,840	348,340	9.6%	109,745	388,975	110,555	381,955	5.80
Central Hungary	22,540	17,300	76.7%	0	0	0	0	5.80
Central Transdanubia	436,360	41,115	9.4%	4,950	23,405	10,795	61,235	5.80
Northern Great Plain	293,655	9,415	3.2%	13,695	17,565	75,650	121,445	5.80
Northern Hungary	234,910	22,675	9.7%	0	0	12,300	20,500	5.80
Southern Great Plain	226,915	550	0.2%	18,000	43,350	17,880	76,300	5.50
Southern Transdanubia	56,005	2,010	3.6%	0	0	0	0	5.00
Western Transdanubia	393,520	16,665	4.2%	10,500	10,500	0	19,000	5.60
COUNTRYSIDE TOTAL	1,663,905	109,730	6.6%	47,145	94,820	116,625	298,480	5.80
HUNGARY TOTAL	5,292,745	458,070	8.7%	156,890	483,795	227,180	680,435	5.80

Prime rents reflect prime asking rents €/sq m/month.

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
Prologis Park Budapest - Sziget	Budapest South	Confidential	19,100	Renewal*
VGP Park Kecskemét	Southern Great Plain	Confidential	18,000	Pre-lease
HelloParks Fót – FT6	Budapest North	Confidential	17,400	New
GLP Üllő Logistics Centre	Budapest East	Oriflame	17,100	Renewal*
VGP Park Győr Beta	Western Transdanubia	Confidential	10,500	New

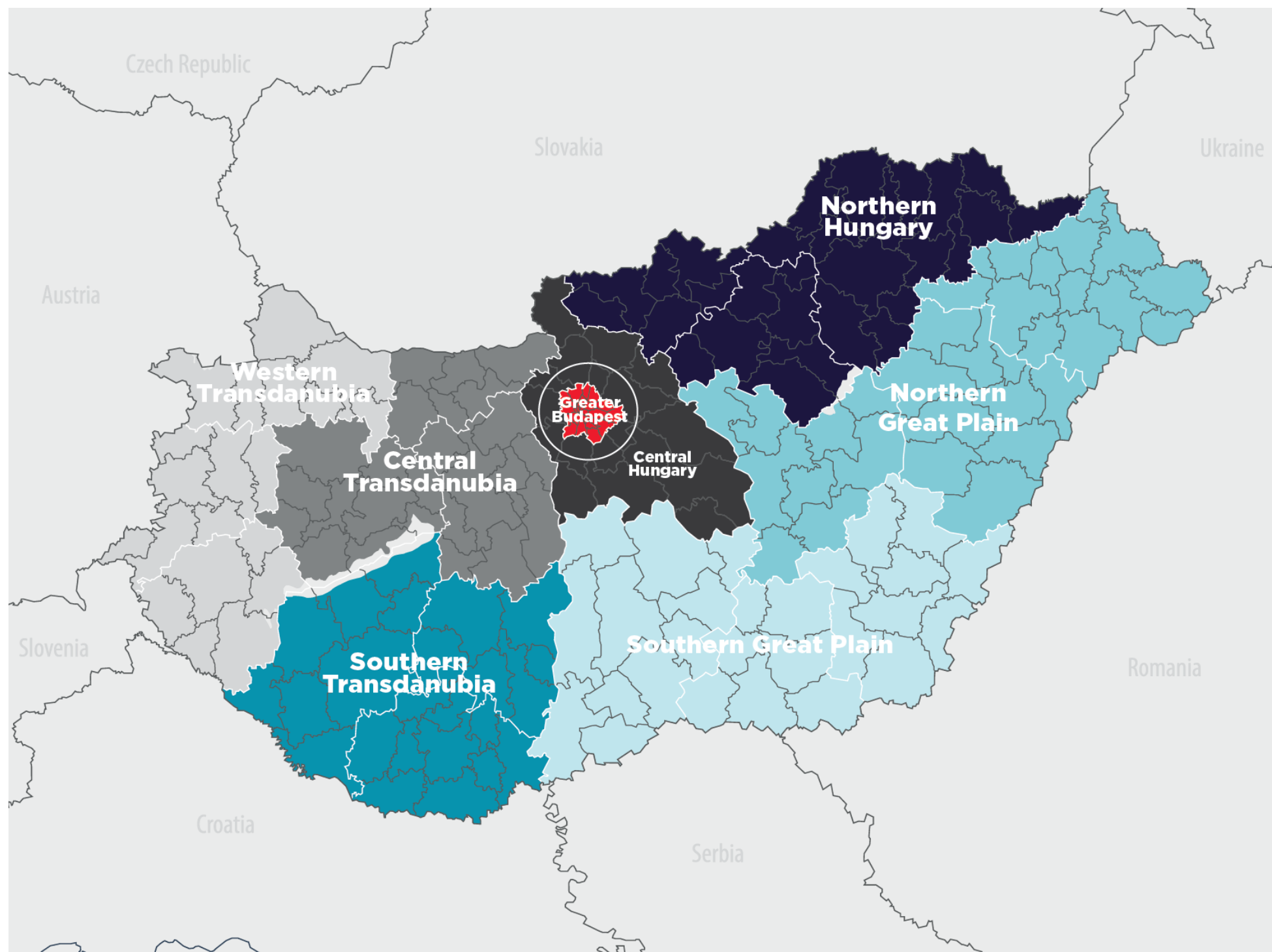
*Renewals included in leasing statistics

KEY CONSTRUCTION COMPLETIONS Q3 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	OWNER/DEVELOPER
InPark Debrecen	Northern Great Plain	CATL	70,000	NIPÜF
WLP Logisztikai Park Vecsés	Budapest East	Magna International	54,400	Weerts
VGP Kecskemét E1	Southern Great Plain	Linde+Wiemann	17,900	VGP
Park22	Budapest West	Fuji	10,200	WhiteStar

Source: Cushman&Wakefield & Budapest Research Forum

INDUSTRIAL SUBMARKETS



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