

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
€1,557 Average monthly ware (EUR)*	▲	▲
€140.00 Prime HS rent, Sq m/month	▲	▲
7.00% Prime HS Yields	▼	▼

* As of September 2024, HCSO calculated at an exchange rate of 5 November 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

	YOY Chg	12-Month Forecast
2.0% GDP Growth	▲	▲
3.9% Consumer Price Index	▼	▼
2.8% Retail Sales Volume Index	▲	▲

Annual Growth 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 as domestic demand is expected to strengthen. The unemployment rate remained stable at 4.6%, signalling labour market resilience. Real wages have seen consistent year-over-year growth of 10% each month since January. However, this increase has not translated into higher consumer confidence, as households remain cautious and prioritize rebuilding savings. Inflation, however, remains near the central bank's upper tolerance limit of 4%, and it is expected to stay 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. As inflation moderates and interest rates continue to decline, domestic consumption is anticipated to rise. Although overall investment volume decreased compared to the previous year, the retail sector attracted substantial interest, accounting for 50% of the year's total investment volume in the first three quarters.

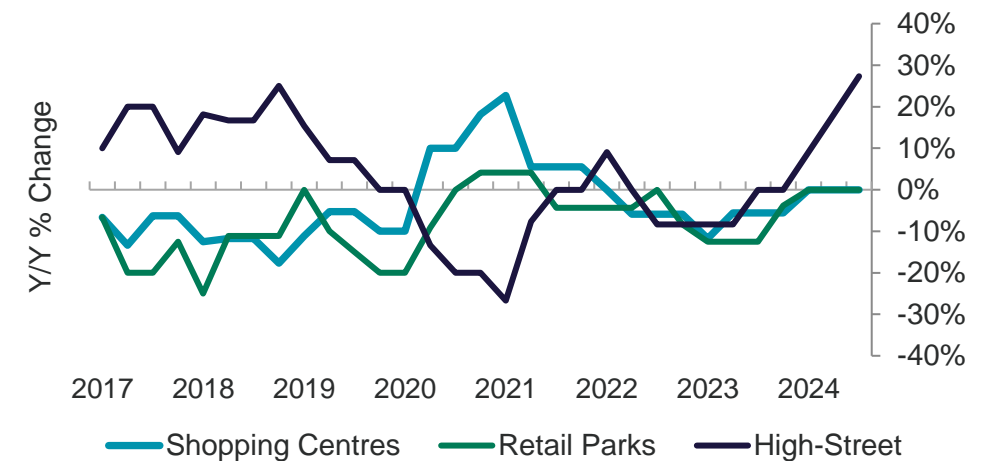
SUPPLY AND DEMAND: REGIONAL EXPANSION IN HUNGARY'S RETAIL SECTOR

Retail sales have been growing year-on-year each month since January, though at a slower pace than initially anticipated. Between January and August, the Hungarian Central Statistical Office (HCSO) reported a 2.8% increase compared to the same period last year. Moody's forecasts retail sales growth to remain at 2.8% for 2024, with expectations of stronger expansion in the coming years. Hungary's retail property market has seen limited new development in recent years, focusing instead on refurbishments and expansions of existing sites. The ongoing extension of Alba Mall is a recent example. Additionally, there has been a rise in smaller retail park projects in regional cities, featuring well-known mass-market brands. In the third quarter alone, four retail park projects were launched, adding 20,700 sq m of retail space. Another 11,400 sq m of retail space is under construction, with the completion of the Müller Üzletház on Váci utca expected by year-end. The first half of 2024 also saw several new brands entering the Hungarian market. Primark opened its flagship store in Arena Mall, occupying 4,200 sq m in May, while Turkish fashion brand Koton announced its entry with plans for eight stores. Koton's flagship store is located in KÖKI Mall, with further regional expansion anticipated.

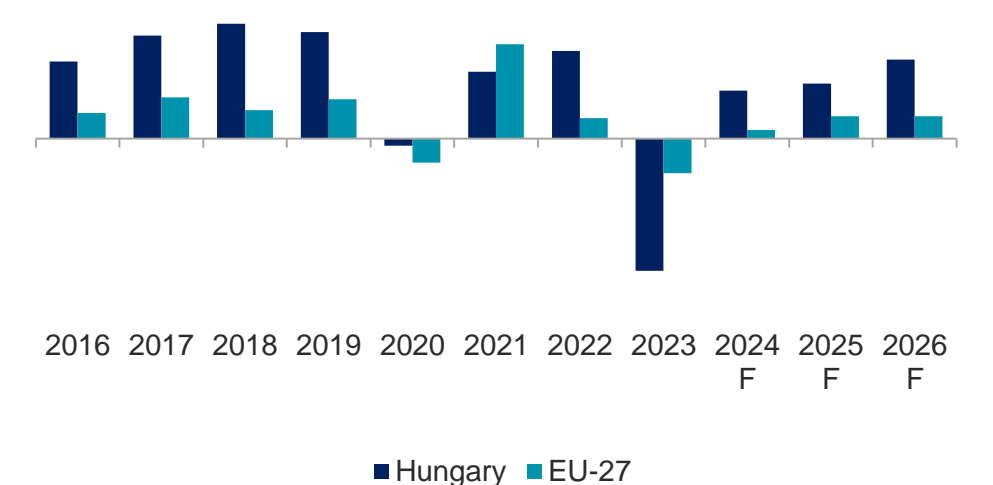
PRICING: HIGH STREET RENTAL GROWTH

High street prime rents rose by 27.3% year-on-year in Q3 2024, signalling a recovery in this sector. In contrast, other sectors remained stable during this period. Projections for the remainder of 2024 indicate that rental levels are likely to hold steady, with limited potential for further increases.

PRIME RENT Y/Y CHANGE



RETAIL SALES Y/Y GROWTH



MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ M)	RETAIL PARK & WAREHOUSE (SQ M)	RETAIL PIPELINE (SQ M)
BUDAPEST	839,230	365,770	37,685
CENTRAL HUNGARY	0	439,525	87,785
CENTRAL TRANSDANUBIA	54,130	134,505	30,595
NORTHERN GREAT PLAIN	121,445	109,625	10,000
NORTHERN HUNGARY	65,200	92,750	8,300
SOUTHERN GREAT PLAIN	104,985	167,120	17,450
SOUTHERN TRANSDANUBIA	61,710	127,355	30,785
WESTERN TRANSDANUBIA	108,900	312,270	12,410
HUNGARY TOTAL	1,355,600	1,748,920	235,010

*In line with the practice in CEE countries, the retail stock includes retail schemes with a Gross Lettable Area (GLA) over 5,000 sq m.

KEY SALES TRANSACTIONS 2024

PROPERTY	SUBMARKET	TYPE	SELLER/BUYER	YEAR	SIZE (SQ M)
Vörösmarty 1	Budapest CBD	High Street	Confidential / Indotek	2024	6,350
Decathlon store	Zalaegerszeg	Retail Warehouse	Decathlon / Hungarian Private Investor	2024	3,100
Decathlon store	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	Veszprém	Q4 2024	New	7,700
Müller Üzletház	Budapest CBD	Q4 2024	New	3,000
Zenit Corso	Non-Central Pest Budapest	Q4 2025	New	11,000
Alba Plaza Extension	Székesfehérvár	Q2 2025	New/Extension	8,450

KEY CONSTRUCTION COMPLETIONS 2024

PROPERTY	SUBMARKET	DELIVERY DATE	TYPE	SIZE (SQ M)
Shoppin Center	Várpalota	Q1 2024	New	4,700
Cegléd City Center	Cegléd	Q3 2024	New	4,800
Silver Center	Szombathely	Q3 2024	New	4,600
Sbox Bevásárlópark	Hajdúsámson	Q3 2024	New	6,500

Source: Cushman & Wakefield Research

	PRIME RENTS		PRIME YIELDS	
	EURO/MONTH /SQ M	Y-O-Y GROWTH	CURRENT QUARTER	LAST YEAR
BUDAPEST HIGH STREET	140.0	27.3%	7.00%	6.75%
BUDAPEST PRIME SHOPPING CENTRE	95.0	0%	7.25%	6.50%
RETAIL PARKS (OUT OF TOWN)	13.5	0%	7.50%	7.25%

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.

ORSOLYA HEGEDŰS

Partner, Head of Business Development Services Budapest

Mobile: +36 30 399 5106

orsolya.hegedus@cushwake.com

EDIT JAKAB

Senior Research Analyst Budapest

Mobile: +36 70 373 7482

edit.jakab@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.