

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

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DHS
BÉT
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FORTHCOMING ISSUES

Date of issue	Content
13 January 2020	Q4 2019 data (including price indices and housing loan data)
12 February 2020	January 2020 data
12 March 2020	February 2020 data

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GENERAL INFORMATION CONCERNING THE CONTENT OF THE PRESENT PUBLICATION

Attention! The present publication must not serve as grounds for estimating, or making conclusions in relation of Duna House business profitability.

All data, information, estimates and professional statements presented in the publication are developed based on data gained from the activities of Duna House Holding members, or in some cases are based on subjective experience. Application of those for the entire Hungarian property market may require additional corrections. Data sources – unless indicated differently at the given section – derive from the database operated by Duna House Holding, the content of which is compiled by members of the network upon their individual judgement and information gained from clients. The operator does not take responsibility for the comprehensiveness of the data. Data presented in the present publication is mainly based on parameters of property transactions in major Hungarian cities given by Duna House branch offices and agents.



CONTENT:

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EXECUTIVE SUMMARY

High property market spirits were calmed down by dwindling demand and reduced transaction volumes in November. Following two stronger autumn months the customary end-of-year slowdown started a little earlier than expected and made itself felt in almost all property market indices. Accompanied by a 9 per cent reduction in turnover compared to November last year and a fall of demand to a historic low, prices were, albeit at a reduced level on a y/y basis, still inching higher in November.

Changing market environment is best illustrated by a constant rise of turnover speed (i.e. the time required to sell a property) and higher fluctuations in asking prices and bargaining margins. Slower turnover speeds hit the owners of properties in downtown Budapest and of brick and mortar apartments in Western Hungary the hardest because they may need as much as four months to seal a successful deal.

Despite more and more difficult market conditions 35 per cent of transactions on the Buda side of the Danube are concluded in the price range above HUF 70 million, which equals an average price of HUF 756 thousand per sq. m. for brick and mortar apartments. What is more, almost 20 per cent of all transactions were concluded at prices above HUF 900 thousand per square metre in Buda, while this category is responsible for only 9 per cent of all deals on the Pest side.

Simultaneously with the reduction of property market indices consumer loans, too, fell in November. According to the forecast of Duna House there may have been property mortgage contracts worth HUF 71.5 billion signed in Hungary in November.

Further information

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3 INTERESTING FACTS:

The share of first-time buyers in the country is 30 per cent

35 per cent of apartments in Buda changed hands at prices over HUF 70 million

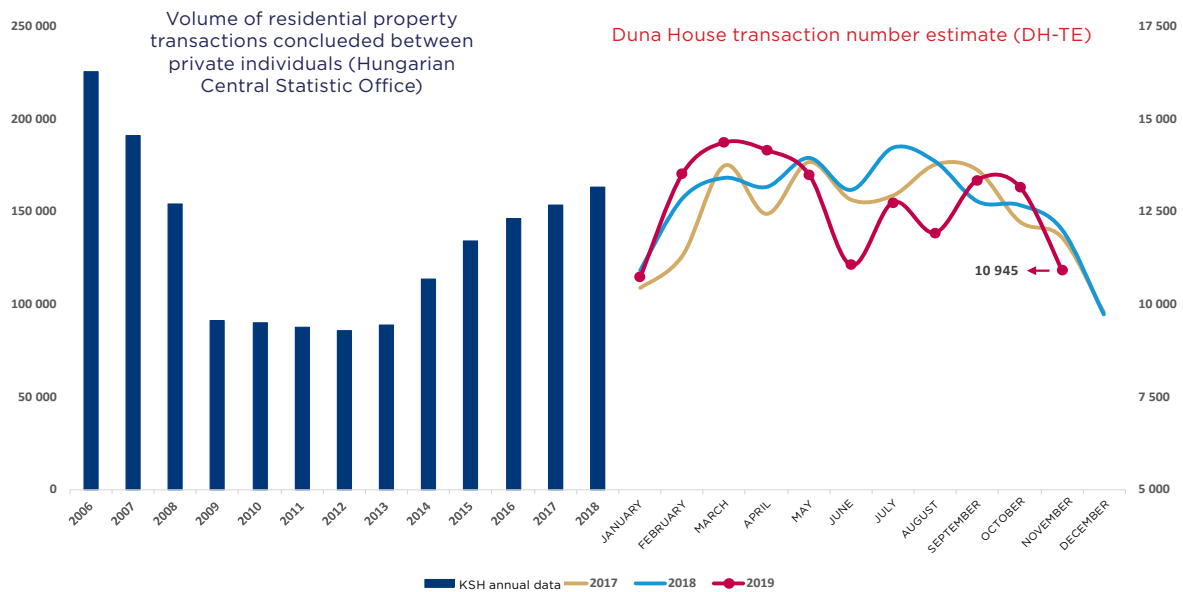
Property market demand is at an all-time low



TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

Following a strong start into the autumn the Hungarian property market fell back to its summer lows in November. The 17 per cent decrease compared to the previous month indicates that the boom of September and October is not here to stay and some serious transformations and changes may result in weaker property market turnover. The sub-11k November transaction volume is a strong decline compared to not only the previous month but the same period of the previous years, too: decline was 9 and 7 per cent compared to 2018 and 2017, respectively. In the past two years only the traditionally sluggish December and January activity was similarly low. Apart from preliminary property market estimates Duna House will from now on publish forecasts related to residential mortgages granted. In November, simultaneously with the decrease of the property market index the consumer loan volume showed a decline, too. Based on forecasts residential mortgage contracts totalling HUF 71.5 billion were signed in Hungary. According to figures published by the National Bank of Hungary households signed up for even less mortgage contracts in January (HUF 62.1 billion), February (HUF 62.6 billion) and August (HUF 68.9 billion) only. Figures published by Duna House Loan Center can primarily be used for quick trend forecasts; the National Bank of Hungary publishes the actual figures for the second last month at the beginning of each month.



The below table shows monthly transaction volume estimates by Duna House, prepared in the current month.

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
2017	10 444	11 317	13 762	12 452	13 855	12 836	12 951	13 787	13 639	12 246	11 820	9 787
2018	10 918	12 869	13 426	13 180	13 967	13 098	14 246	13 869	12 787	12 689	12 033	9 721
2019	10 741	13 532	14 373	14 166	13 512	11 069	12 764	11 945	13 364	13 182	10 945	



Methodology behind DH-TE: Regardless of the time, the most important indicator of the real estate market is the yearly sale-purchase transaction number. DH-TE is an estimate published by Duna House showing interim approximate data. The estimate is based on monthly transaction number of property brokered by Duna House and the estimated market ratio of Duna House. The estimate of the actual monthly market ratio of Duna House is based on the following indicators: 1. data published by the Hungarian Central Statistical Office on transactions among private individuals Since the Statistical Office publishes data with a months' delay, the correction of market ratio can be carried out retroactively with refining of the estimate as well. Attention! After 2016 and by the newly built flat boom, pre-contracted transactions are visible in the statistics of the Statistical Office with a delay of several months, even 1-2 years, only following the tariff of the capital transfer tax, resulting in anomalies in the statistics. 2. Amount of issued Energy certificates. 3. Subjective assessment based on other management information from the Duna House Holding.

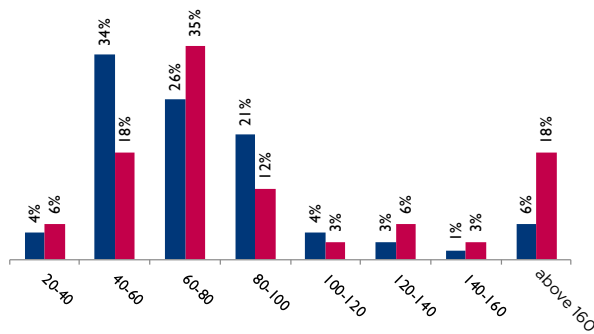
Please note that DH-TE data is not appropriate for defining the volume of transactions brokered by Duna House!

TRANSACTION PARAMETERS IN BUDAPEST

In Buda, demand for larger apartments was on the increase over the past month: properties between 60-80 square metres and above 120 square metres were especially sought after and transaction volumes were increasing, too. However, there was a significant reduction in the segment of apartments with an average size of 40-60 sq. m. In Pest the opposite scenario was playing out: demand for properties between 40-60 sq. m. and 60-80 sq. m. saw an increase in popularity compared to the same time last year. Square metre prices are still on a significant increase at the more expensive end of the scale: in Buda the share of properties changing hands at over HUF 900 thousand per sq. m. is already 18 per cent and partly due to this, 35 per cent of transactions are concluded at prices above HUF 70 million. In Pest, on the other hand, the most popular price range is HUF 500-600 thousand per sq. m. which translates into transaction values of HUF 25-30 million.

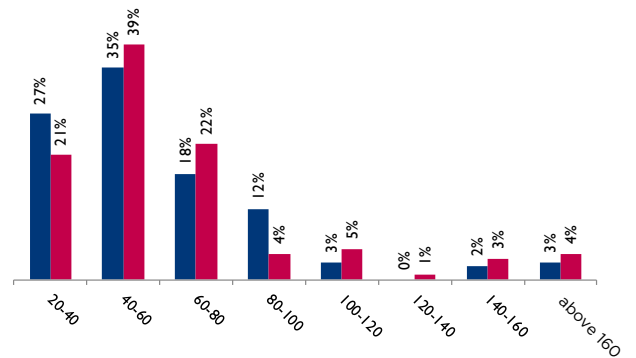
BUDA

Size (m²)

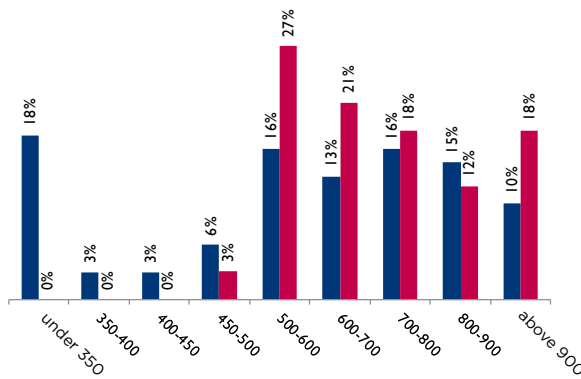


PEST

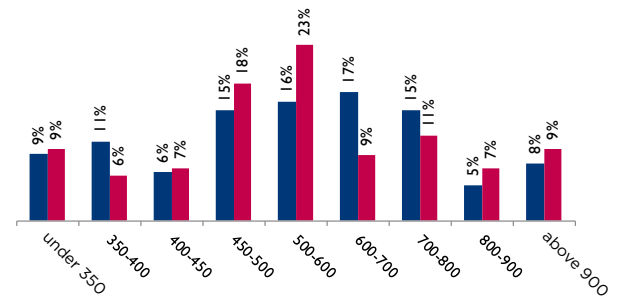
Size (m²)



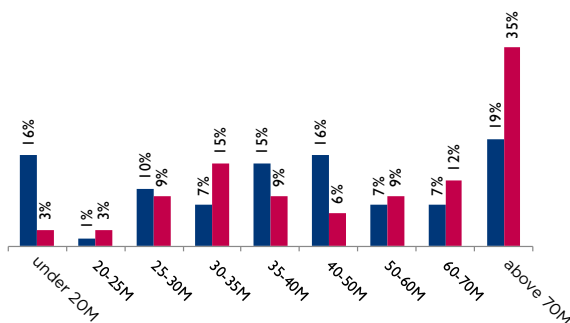
m² price (HUF thousand)



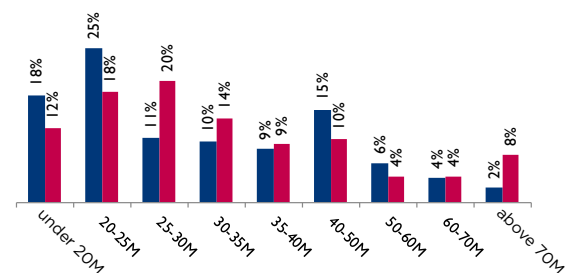
m² price (HUF thousand)



Price (HUF Million)



Price (HUF Million)



■ November 2018.
■ November 2019.

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

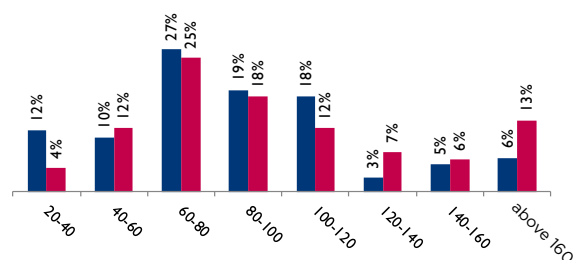
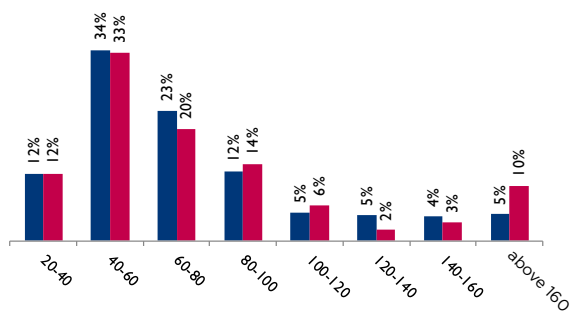
As far as apartment sizes are concerned, in November 2019 we saw transaction parameters that were similar to those of the previous year. Apartments between 40-60 sq. m. and 60-80 sq. m. had the biggest share nationally and in County Pest, respectively. Regarding prices, one of the reasons of the significant, almost 9 percentage point increase of properties sold at above HUF 600 thousand per sq. m. in County Pest may have been the development of the suburbs, which of course made its mark on property prices, too. In County Pest 27 per cent of transactions were concluded at prices above HUF 40 million, compared to 9 per cent nationally, even though this latter figure still shows an increase from the same period last year.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

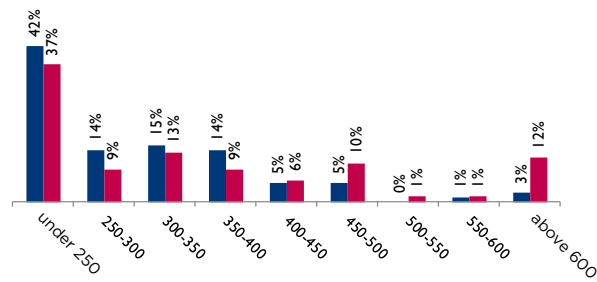
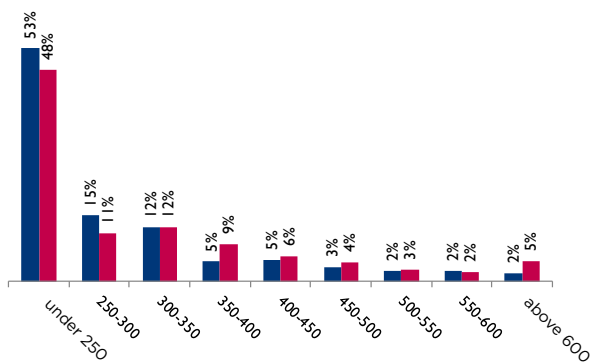
Size (m²)

Size (m²)



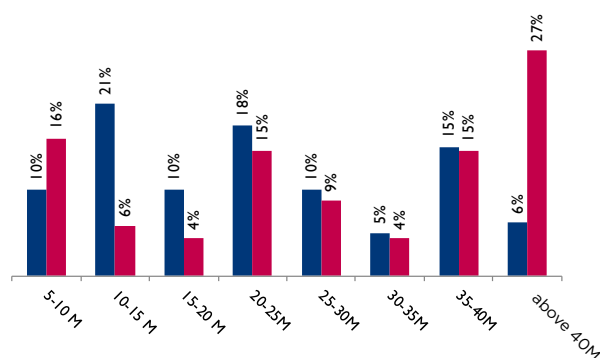
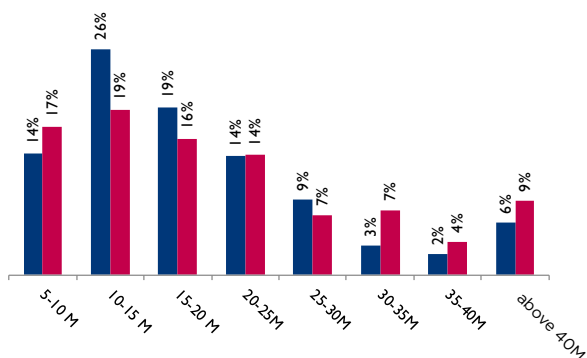
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ November 2018.
 ■ November 2019.

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

As far as property prices outside Budapest are concerned, we saw the highest increase in the segment of concrete block apartments in Western Hungary, both as regards sq. m. prices and transaction values. In both cases there was a price hike of 20 per cent compared to last year. In the East, the annual rate of increase was below 20 per cent in both cases, but prices were still increasing. The margin for negotiation has not changed for any property type and in any part of the country, with the sole exception of concrete block apartments in Eastern Hungary where the margin for negotiation increased significantly and reached 8 per cent.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
November 2018.	15 516 000	297 000	2%	4%	13 173 000	245 000	1%	3%
November 2019.	17 898 000	319 000	4%	8%	16 817 000	301 000	2%	4%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
November 2018.	19 375 000	315 000	2%	4%	15 941 000	285 000	2%	5%
November 2019.	20 202 000	370 000	4%	4%	16 947 000	285 000	2%	5%

In the capital, price increase was not overly significant, not even on a y/y basis: in most cases it did not exceed 10 per cent, while in Buda districts and for concrete block apartments we are seeing signs of stagnation both as regards selling and square metre prices.

That said, buyers still need to expect prices of HUF 500 thousand per sq. m. and HUF 28-31 million as a minimum for concrete block apartments in Budapest, while brick and mortar properties in Buda and downtown Budapest still sell at prices north of HUF 700-800 thousand per sq. m. Both the changes in asking prices and the broader scope for negotiation show that sellers are finding it more and more difficult to accurately guesstimate a realistic asking price and the actual selling price.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
November 2018.	29 925 000	551 000	1%	3%	24 735 000	457 000	1%	3%
November 2019.	31 183 000	540 000	2%	2%	28 250 000	491 000	6%	3%

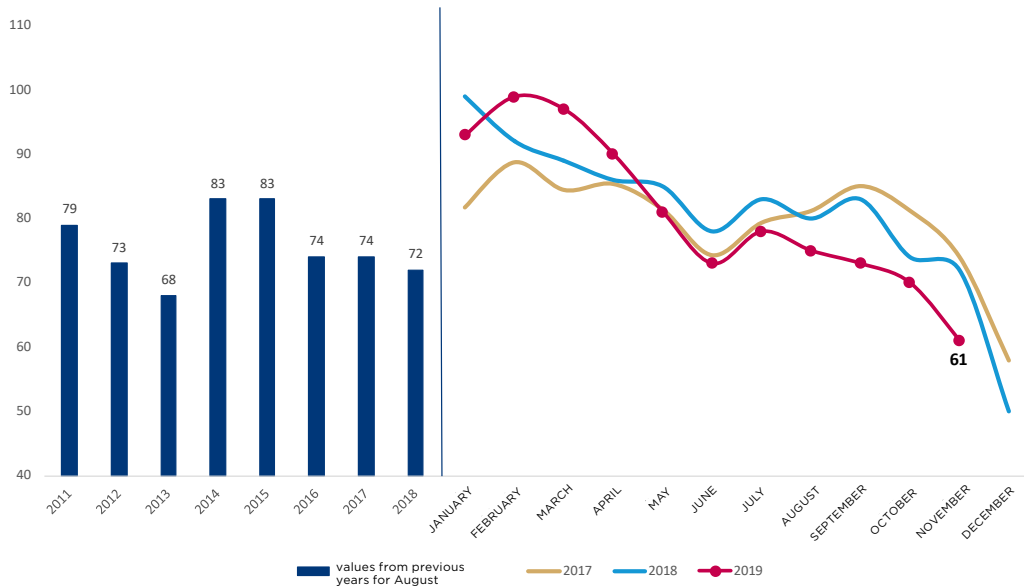
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
November 2018.	57 855 000	744 000	2%	4%	29 339 000	559 000	3%	3%	40 709 000	747 000	3%	3%
November 2019.	56 934 000	768 000	4%	3%	29 119 000	572 000	3%	5%	72 842 000	826 000	8%	5%

Based on purchase prices of the given period of properties brokered by Duna House.

Methodology: Change in the listing price is the difference between the first price indicated by the seller in the Duna House assignment and the last registered price at the time of the appearance of the buyer. Bargain shows additional changes in the price agreed upon by the seller and buyer. The two indicators together give a good picture of the difference in price between the original idea of the seller and the actual final price

BUYERS - DEMAND INDEX

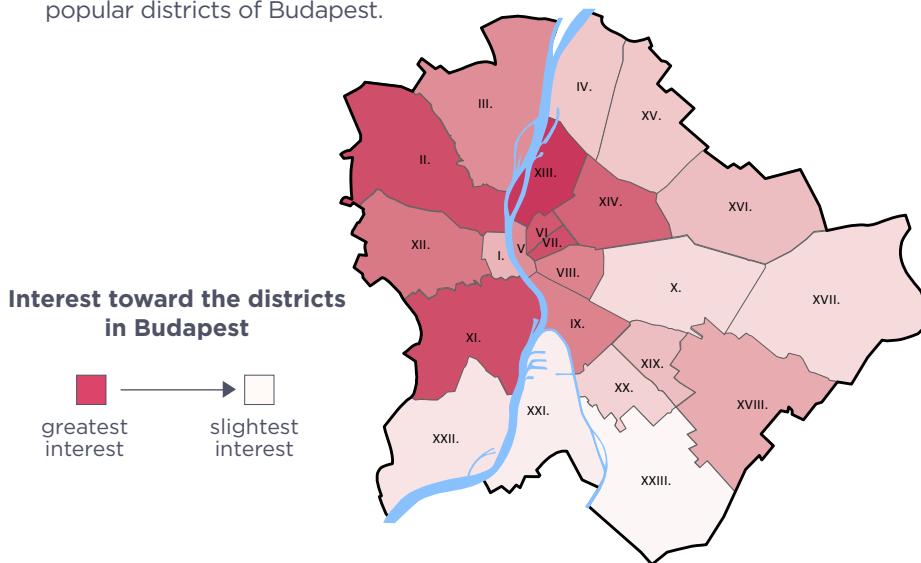
At the end of the year it is not surprising to see a steadily dwindling demand, but the trend that we have been witnessing since summer has now bottomed out and the demand index closed the month at a mere 61 points. This is a historic low compared to the same period of the previous years: the last time our property market closed the November at a score below 70 was in 2013.



Methodology behind Demand Index: The basis of the estimate is the activity registered by our agents in various, mainly major cities and Duna House offices. Corrections are made depending on the number of active agents and working days. The Demand Index is an important indication of buyer side's reactions to political decision or solutions offered by the financial sector. Demand Index is a quantitative indicator which has no direct connection with the realized or future transaction numbers. The latter is a qualitative issue highly affected by market environment and available financial product.

INTEREST TOWARD THE DISTRICTS

Demand in various districts was not disrupted by declining buyer activity and the lower transaction numbers: there were no significant changes on the market. The biggest loser is Zugló, which saw a decrease in excess of 2 percentage points over the same month of 2018, but is still among the most popular districts of Budapest.



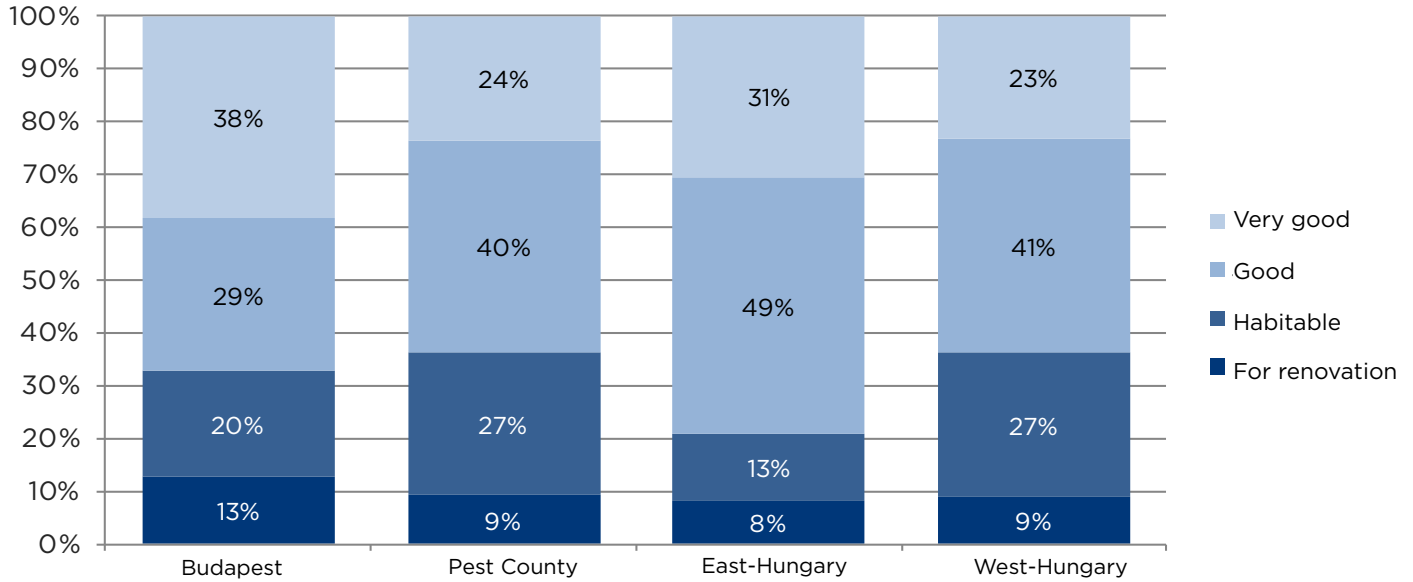
DISTRICT	2018. NOVEMBER	2019. NOVEMBER
Budapest 01.	8,8%	8,1%
Budapest 02.	16,8%	15,6%
Budapest 03.	11,7%	11,2%
Budapest 04.	6,6%	6,3%
Budapest 05.	10,6%	11,0%
Budapest 06.	15,1%	14,3%
Budapest 07.	15,3%	15,1%
Budapest 08.	12,1%	11,4%
Budapest 09.	11,7%	11,2%
Budapest 10.	6,8%	4,8%
Budapest 11.	15,6%	15,3%
Budapest 12.	13,9%	12,5%
Budapest 13.	17,1%	17,1%
Budapest 14.	15,8%	13,7%
Budapest 15.	6,6%	6,6%
Budapest 16.	5,9%	7,1%
Budapest 17.	5,1%	5,1%
Budapest 18.	9,2%	8,9%
Budapest 19.	7,0%	7,4%
Budapest 20.	8,2%	6,0%
Budapest 21.	4,6%	3,6%
Budapest 22.	4,1%	4,2%
Budapest 23.	2,4%	1,7%

Methodology: Our clients with purchasing aims indicate their preferences of districts (more at the same time) when meeting with our agents. The above preference map is put together based on this information.

Data is assessed based on real estate sold by Duna House. Territorial distribution of transactions brokered by Duna House may differ from the territorial distribution of the market in whole. Duna House Holding carries out its real estate agency activities mainly in Budapest and major cities. Duna House Holding does not make corrections in relation of the territorial distribution of own and market transactions.

QUALITY PREFERENCE

With its share of 13 per cent the “for renovation” category was the most popular in Budapest, probably on account of the prices that are higher to start with and of the “investor spiri” of buyers. That said, Budapest was the leader of the pack at the other end of the spectrum, i.e. in the “very good” category, too. In County Pest and in Eastern and Western Hungary, properties in the “good” category are the most sought after.



TIME NEED OF SALE

Apart from the Eastern part of the country, turnover speed increased further for all types of properties. The most striking changes happened in Budapest where time to sell is or close to three months even for concrete block apartments, while for brick and mortar properties it is even more, in all parts of the city. The most significant increase of the time required to sell is registered by owners of properties in downtown Budapest and by owners of brick and mortar units in Western Hungary: they may need to wait as many as four months to sign a sales contract.

PANEL				
Time need of sale/day				
	East	West	Buda	Pest
November 2018.	63	64	73	56
November 2019.	60	64	90	73

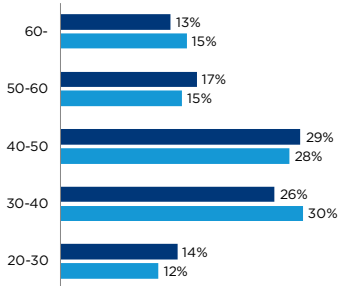
BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
November 2018.	108	106	90	87	106
November 2019.	86	119	106	99	119

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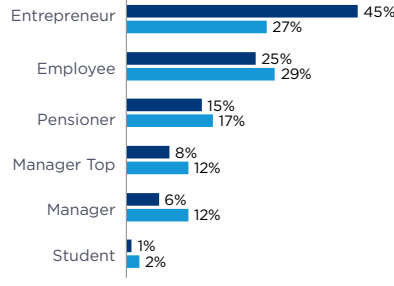
BUYER'S PROFILE BUDAPEST

There were no changes to report of as far as buyers in Budapest are concerned. The balance has shifted somewhat towards older buyers although the share of the youngest buyers has also increased. The largest and most expensive properties are bought by the 30-50 age group, while as far as a status is concerned, entrepreneurs were most active in November. The most frequently quoted motivation for the purchase was "investment", but its share is already stagnating compared to the same time last year. The only segment with a bigger share than in 2018 were those moving into a larger property who mostly chose their new property in the over HUF 60 million category.

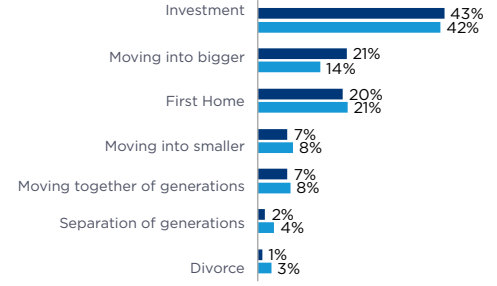
AGE OF BUYERS BP.



STATUS BP.



MOTIVATION BP.



AGE	AVERAGE PRICE	m ²
20-30	27 664 000	54
30-40	49 193 000	92
40-50	54 020 000	79
50-60	40 222 000	66
60-	41 265 000	70

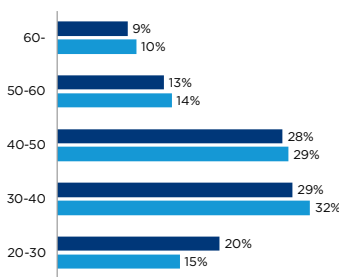
STATUS	AVERAGE PRICE	m ²
Employee	30 721 000	64
Top Manager	83 525 000	118
Manager	27 363 000	48
Pensioner	40 271 000	70
Student	51 515 000	82
Entrepreneur	44 593 000	75

SITUATION	AVERAGE PRICE	m ²
Investment	48 070 000	68
First Home	28 965 000	52
Separation of generations	39 550 000	78
Moving together of generations	45 450 000	175
Moving into smaller	28 825 000	53
Moving into bigger	68 169 000	121
Divorce	46 494 000	77

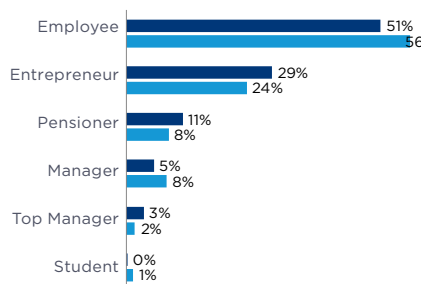
BUYER'S PROFILE ON REGIONAL LEVEL

The share of those buying their first property grew by about 10 percentage points overall, so this was the most frequent motivation outside Budapest in November. Employees were even more active than entrepreneurs: more than 50 per cent of buyers still fall into this category in the country. The increase of the share of first-time buyers made its mark on age distribution, too, because only the share of those between 20 and 30 years of age increased.

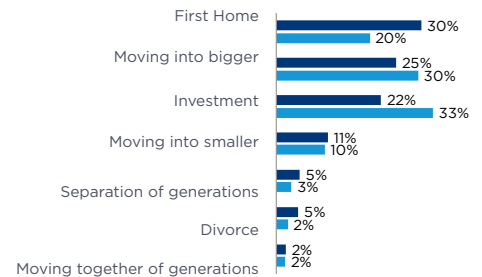
AGE OF BUYERS, REGIONAL



STATUS REGIONAL



MOTIVATION, REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	18 228 000	77
30-40	22 979 000	95
40-50	23 773 000	95
50-60	21 247 000	71
60-	30 113 000	94

STATUS	AVERAGE PRICE	m ²
Employee	18 113 000	84
Top Manager	60 300 000	121
Manager	26 791 000	106
Pensioner	31 185 000	95
Student	15 975 000	47
Entrepreneur	26 731 000	90

SITUATION	AVERAGE PRICE	m ²
Investment	20 830 000	70
First Home	17 265 000	78
Separation of generations	18 462 000	62
Moving together of generations	42 034 000	163
Moving into smaller	13 312 000	58
Moving into bigger	34 878 000	133
Divorce	22 354 000	81

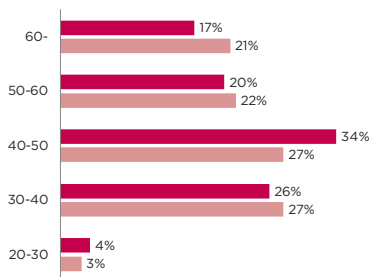
■ November 2019.
■ November 2018.

Based on the methodology, investment purpose acquisitions include every property transaction, which is regarded as investment by the buyer, i.e. it is not a strictly business approach qualification. Thus, the category includes family investments, or short time investments targeting properties for renovation, sold following the renovation. The latter case has a positive effect on the preservation of property, being a rather useful activity in the present building industry and property market environment. Data presented above relating age, status and reason of purchase have been acquired through the voluntary declaration of our clients. They qualify as sampling and are regarded as estimated values.

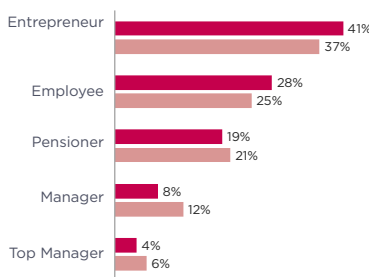
SELLER'S PROFILE BUDAPEST

Mixed property market news may have played a role in the increase of the share of properties bought as an investment compared to the same time last year. Exhibiting an increase of 10 points, 13 per cent of sellers fell into this category who were offering their properties at average prices exceeding HUF 50 million. In November, the most popular motivation to sell was inheritance. The most active age group of the Budapest property market was sellers in their 40's.

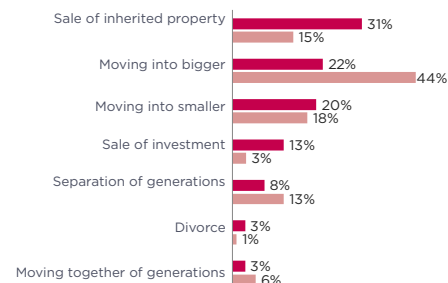
AGE OF SELLERS BP.



STATUS BP.



MOTIVATION BP.



AGE	AVERAGE PRICE	m ²
20-30	43 548 000	103
30-40	53 380 000	76
40-50	37 829 000	66
50-60	53 441 000	89
60-	35 453 000	85

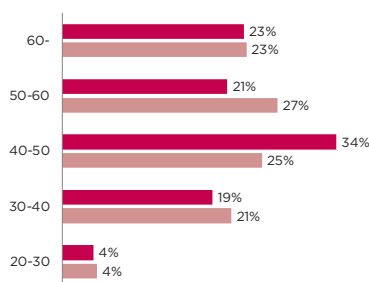
STATUS	AVERAGE PRICE	m ²
Employee	35 131 000	63
Top Manager	35 467 000	59
Manager	33 367 000	61
Pensioner	35 047 000	87
Entrepreneur	50 536 000	71

SITUATION	AVERAGE PRICE	m ²
Sale of investment	52 087 500	70
Separation of generations	95 200 000	164
Moving together of generations	25 450 000	52
Moving into smaller	48 700 000	98
Moving into bigger	37 793 000	58
Sale of inherited property	31 123 000	71
Divorce	32 159 000	70

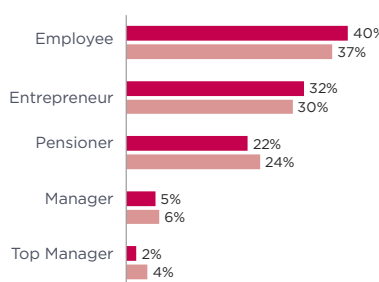
SELLER'S PROFILE ON REGIONAL LEVEL

Looking at the seller profiles in the country there are hardly any significant changes compared to November 2018. As far as sellers go, those in their 40's were the most active here, too, selling apartments with an average size of 87 sq. m. at an average price of HUF 24 million. Most of the sellers were moving into a larger apartment with sales after an inheritance coming in at second place as a motivation.

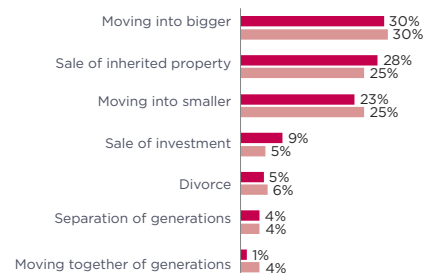
AGE OF SELLERS, REGIONAL



STATUS REGIONAL



MOTIVATION, REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	16 219 000	66
30-40	23 940 000	88
40-50	24 075 000	87
50-60	25 683 000	100
60-	19 168 000	97

STATUS	AVERAGE PRICE	m ²
Employee	17 237 000	83
Top Manager	35 500 000	72
Manager	27 034 000	97
Pensioner	18 970 000	99
Entrepreneur	34 003 000	103

SITUATION	AVERAGE PRICE	m ²
Sale of investment	29 181 900	100
Separation of generations	30 976 000	155
Moving together of generations	13 100 000	62
Moving into smaller	30 695 000	121
Moving into bigger	21 904 000	69
Sale of inherited property	12 289 000	83
Divorce	21 575 000	95

■ November 2019.
■ November 2018.



PERSONALIZED AND CUSTOMIZED REAL ESTATE MARKET STUDIES FROM DUNA HOUSE'S RESEARCH DEPARTMENT

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