

# **DUNA HOUSE BAROMETER**

65<sup>th</sup> issue

November 2016



THE LATEST PROPERTY MARKET INFO  
FROM DUNA HOUSE NETWORK

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## **FORTHCOMING ISSUES**

<b>Date of issue</b>	<b>Subject</b>
<b>January 9. 2017</b>	<b>2016 - Data of Q3-4 (including price indexes)</b>
<b>February 8. 2017</b>	<b>2017 - January data</b>
<b>March 8. 2017</b>	<b>2017 - February data</b>
<b>April 10. 2017</b>	<b>2017 - Data of Q1 (including price indexes)</b>

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## GENERAL INFORMATION CONCERNING THE CONTENT OF THE PRESENT PUBLICATION

Please note that the present publication is not appropriate for estimating the business profit of Duna House Holding, or the making of any related conclusions.

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.

## EXECUTIVE SUMMARY



In the second half of the year **the monthly volume of realized property transactions is stagnating on a nearly 10 thousand level.** The present data in relation of November is 7% less than in the same period of the previous year, as well as the level of two years before. The November bottom was in 2012 when the number of transactions was only slightly above 6 thousand.

Per Duna House estimates, nearly 120 thousand properties have been sold in the 11 months this year, accounting for a 4% decline in turnover in comparison with 2015. One of the reasons behind is the newly built flat boom, where buyers generally sign pre-contracts, not yet visible in the statistics.

The slight increase following the beginning of the year decline turned out to be temporary. Demand Index, following the 3-point fall back last month, decreased by another 4 points, resulting in the **second lowest value of the present year** with its 74 points.

In November panel flats have been sold for average HUF 196 thousand/m<sup>2</sup> in West and HUF 161 thousand/m<sup>2</sup> in East Hungary. The same tape in Pest valued HUF 297 thousand, while in Buda HUF 336 thousand per square meter. **Brick built flats** cost on average HUF 212 thousand in the eastern and HUF 205 thousand on the western part of the country. **In Inner City Budapest these flats were sold on a HUF 618 thousand/m<sup>2</sup> price,** meaning HUF 564 thousand in Buda and HUF 376 in Pest. In November buyers have been able to achieve a 5% discount when buying family homes in Budapest, and around 8% regionally.

Panel flats showed a lower bargain position, accounting for a 3% average in Budapest, and 5% regionally. **As far as brick built is concerned, there has been a country-wide 4% bargain on average.**

**In Central-Hungary nearly 7% of the buyers chose a property for renovation.** The same type accounted for 6% of transactions in the western and only 3% in the eastern part of the country. Outstanding quality, being the opposite of the previous, was bought in the highest volume in Central-Hungary – 30% – and only chosen by one fifth of buyers in the rest of the country.

As far as popularity among Budapest districts is concerned, leading areas remain District 13 and 14. Both locations have been indicated by more than 18% of potential buyers. Those are followed by Districts 6 and 7 in the Inner City showing a 26% interest, and the neighboring Districts 5 and 8 with 12%. In Buda, the most popular district is 11, followed by District 2.

**In November, most the buyer's side was again represented by investors in Budapest, accounting for a 44% ratio.** They spent HUF 28 Million on average for one property. The second biggest buyers group ended up being of those acquiring their first home, representing one fifth and spending an average HUF 18 Million. Outside Budapest three groups of basically the same size accounted for 75% of all purchases, with average prices such as – investors: HUF 13 Million; those moving into bigger homes: HUF 21 Million; those buying their first homes: HUF 12 Million.

**41% of sellers in Budapest indicated moving into a bigger home as the reason behind the sale.** They have on average sold 53 m<sup>2</sup> flats for HUF 22 million. One fifths of the buyers are looking for a smaller home, while another 20% has sold inherited property. Outside Budapest, one third of the buyers sold inherited property on an average HUF 11 Million price. Buyers are willing to move into a bigger home in nearly the same ratio, paralleled with a HUF 11.5 Million seller side. Moving into smaller has been indicated by over 20%, selling 120 m<sup>2</sup> property for nearly HUF 20 Million average value.

When comparing the transaction data of the previous and the present November **regionally,** it can be stated that while **last year only 7% of the transactions took place in the price level above HUF 250 thousand/m<sup>2</sup>, this year it is represented by 23%.** The most popular size category is still 40-60 square meters, preferred by 37% of buyers. The picture on the Buda side of the capital is somewhat more nuanced, since although the HUF 300-400 thousand/m<sup>2</sup> price level showed an increase from 20% to 34%, the level above this at the same time decreased from 59 to 49%. This shall not be considered as a trend, but an indication of buyers focus turning towards the lower this November. Pest, as the other side of the capital, shows the accustomed picture presenting an increase from 19 to 37% in the HUF 400 thousand/m<sup>2</sup> plus level.

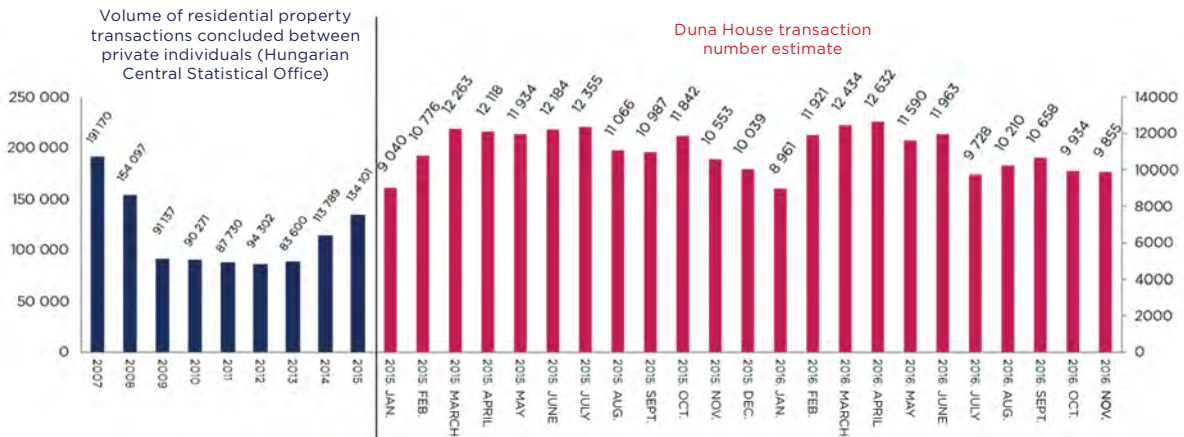
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## TRANSACTION NUMBERS AND DEMAND INDEX

### DH -TB (Duna House Transaction Number Estimate)

In the second half of the year the monthly volume of realized property transactions is stagnating on a nearly 10 thousand level. The present data in relation of November is 7% less than in the same period of the previous year, as well as the level of two years before. The November bottom was in 2012 when the number of transactions was only slightly above 6 thousand.

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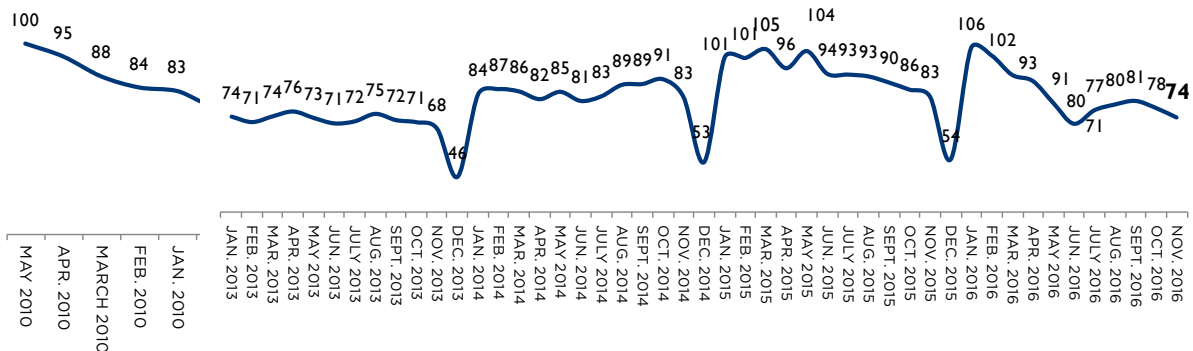
### METHODOLOGY BEHIND DH-TE

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!

### DH - DEMAND INDEX

The slight increase following the beginning of the year decline turned out to be temporary. Demand Index, following the 3-point fall back last month, decreased by another 4 points, resulting in the second lowest value of the present year with its 74 points.



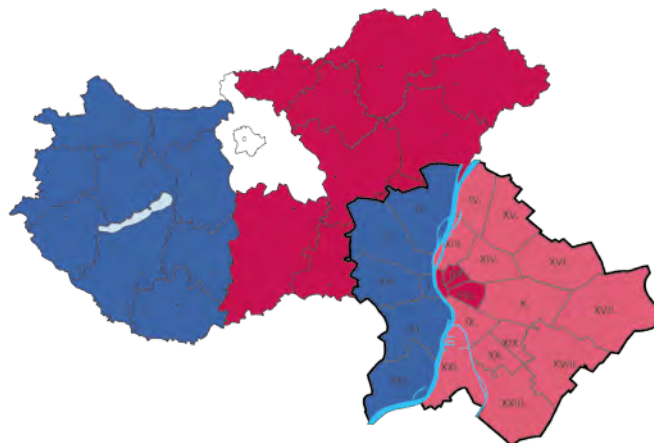
### METHODOLOGY BEHIND DEMAND INDEX

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 transaction numbers. The latter is a qualitative issue highly effected by market environment and available financial product.

## RESIDENTIAL PROPERTY PRICE DATA - NOVEMBER 2016

In November panel flats have been sold for average HUF 196 thousand/m<sup>2</sup> in West and HUF 161 thousand/m<sup>2</sup> in East Hungary. The same type in Pest valued HUF 297 thousand, while in Buda HUF 336 thousand per square meter.

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PANEL COUNTRYWIDE			
	price	m <sup>2</sup> price	Time need of sale/day
<b>East</b>	9 004 000	161 000	66
<b>West</b>	11 699 000	196 000	88

PANEL BUDAPEST			
	Price	m <sup>2</sup> price	Time need of sale/day
<b>Buda</b>	17 904 000	336 000	55
<b>Pest</b>	15 355 000	297 000	67

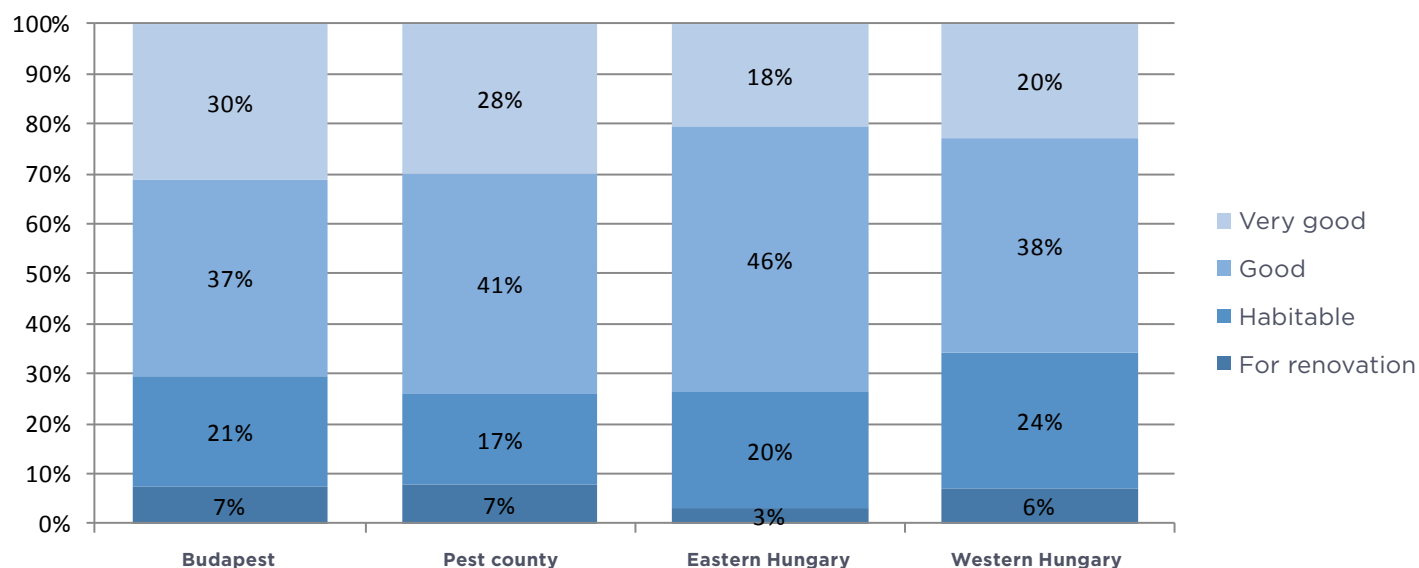
BRICK COUNTRYWIDE			
	price	m <sup>2</sup> price	Time need of sale/day
<b>East</b>	12 442 000	212 000	161
<b>West</b>	12 004 000	205 000	156

BRICK BUDAPEST			
	Price	m <sup>2</sup> price	Time need of sale/day
<b>Buda</b>	30 280 000	546 000	113
<b>Pest</b>	19 452 000	376 000	109
<b>Inner city</b>	36 628 000	618 000	112

ABased on purchase prices of the given period and location of properties brokered by Duna House.

## QUALITY PREFERENCE (USED FLATS)

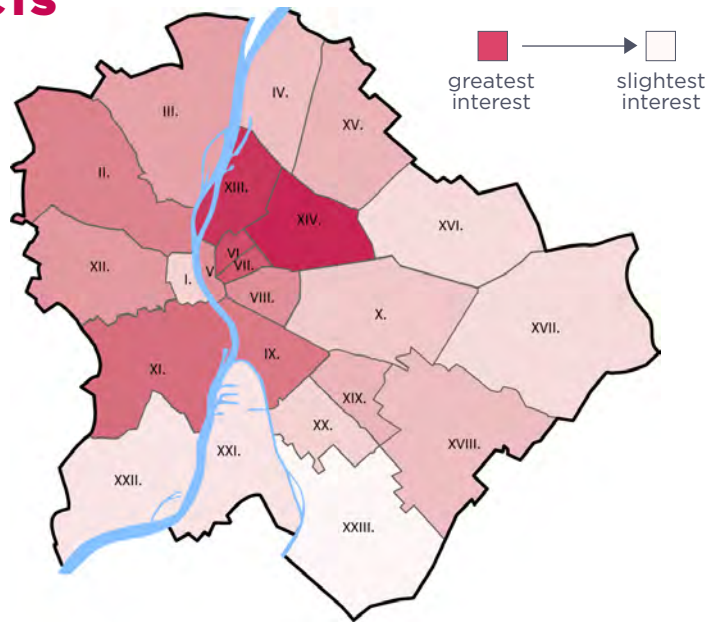
In Central-Hungary nearly 7% of the buyers chose a property for renovation. The same type accounted for 6% of transactions in the western and only 3% in the eastern part of the country. Outstanding quality, being the opposite of the previous, was bought in the highest volume in Central-Hungary -30%- , and only chosen by one fifth of buyers in the rest of the country.



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.

## INTEREST TOWARDS THE DISTRICTS

DISTRICT	OCT. 2016	NOV. 2016
Budapest 01.	7,5%	6,9%
Budapest 02.	13,6%	12,8%
Budapest 03.	11,4%	10,5%
Budapest 04.	8,6%	7,9%
Budapest 05.	12,4%	12,0%
Budapest 06.	16,9%	16,8%
Budapest 07.	15,7%	15,7%
Budapest 08.	11,0%	12,2%
Budapest 09.	13,6%	13,2%
Budapest 10.	7,9%	7,3%
Budapest 11.	16,6%	14,5%
Budapest 12.	10,6%	10,8%
Budapest 13.	18,9%	18,2%
Budapest 14.	19,8%	18,4%
Budapest 15.	8,7%	8,8%
Budapest 16.	6,2%	5,9%
Budapest 17.	6,1%	6,1%
Budapest 18.	8,8%	8,1%
Budapest 19.	8,6%	8,8%
Budapest 20.	7,6%	6,6%
Budapest 21.	4,0%	4,8%
Budapest 22.	3,6%	4,7%
Budapest 23.	2,1%	2,4%



**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.

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## BARGAIN - NOVEMBER 2016

In November, buyers have been able to achieve a 5% discount when buying family homes in Budapest, and around 8% regionally. Panel flats showed a lower bargain position, accounting for a 3% average in Budapest, and 5% regionally. As far as brick built is concerned, there has been a country-wide 4% bargain on average.

	CHANGE IN THE LISTING PRICE	BARGAIN
<b>FAMILY HOME</b>		
Budapest	-1%	-5%
Pest county	-2%	-6%
Regional	-3%	-8%
<b>PANEL</b>		
Budapest	-1%	-3%
Regional	-2%	-5%
<b>BRICK</b>		
Budapest	-4%	-4%
Regional	-1%	-4%
<b>TOTAL</b>		
Budapest	-3%	-4%
Regional	-2%	-6%

**Methodology:** Change in the listing price is the difference between the first price indicated by the seller 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.

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

## CLIENT PROFILE: BUYERS

In November, most the buyer's side was again represented by investors in Budapest, accounting for a 44% ratio. They spent HUF 28 Million on average for one property. The second biggest buyers group ended up being of those acquiring their first home, representing one fifth and spending an average HUF 18 Million.



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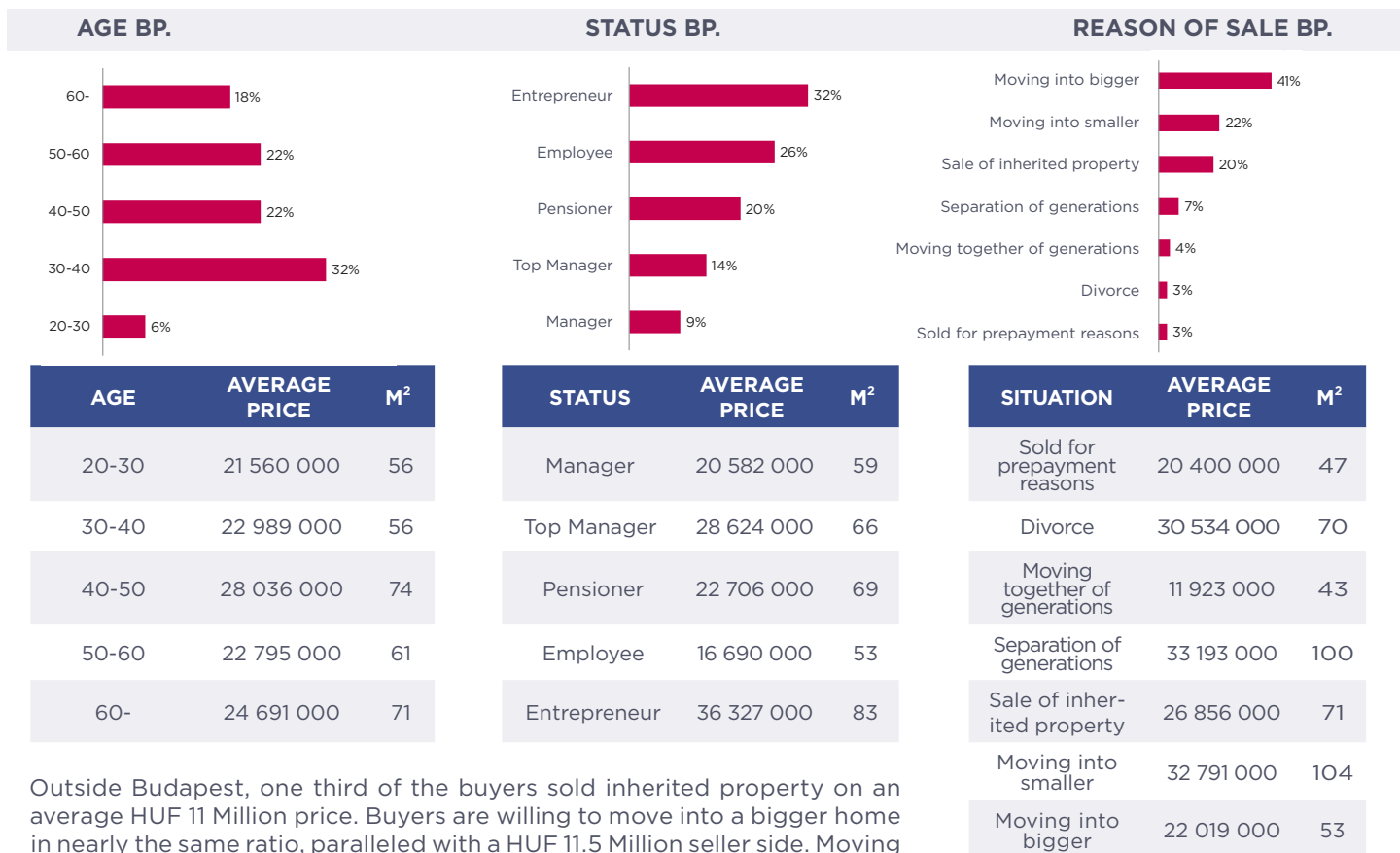


Data presented above relating age, status and reason of purchase have been acquired through the volunteer declaration of our clients. They qualify as sampling and are regarded as estimated values.

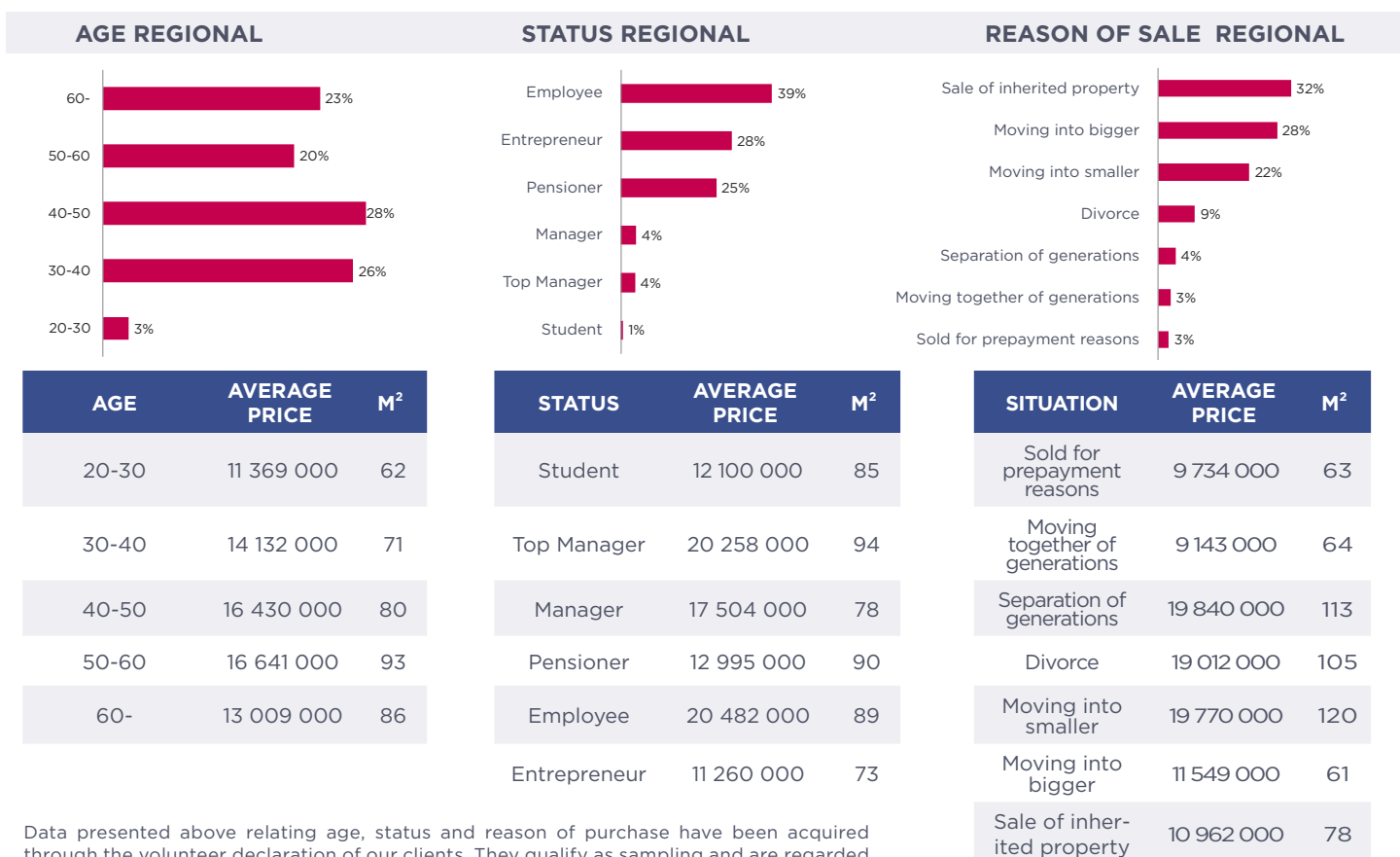


## CLIENT PROFILE: SELLERS

41% of sellers in Budapest indicated moving into a bigger home as the reason behind the sale. They have on average sold 53 m2 flats for HUF 22 million. One fifth of the buyers are looking for a smaller home, while another 20% has sold inherited property.



Outside Budapest, one third of the buyers sold inherited property on an average HUF 11 Million price. Buyers are willing to move into a bigger home in nearly the same ratio, paralleled with a HUF 11.5 Million seller side. Moving into smaller has been indicated by over 20%, selling 120 m2 property for nearly HUF 20 Million average value.



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## TRANSACTION PARAMETERS — REGIONAL

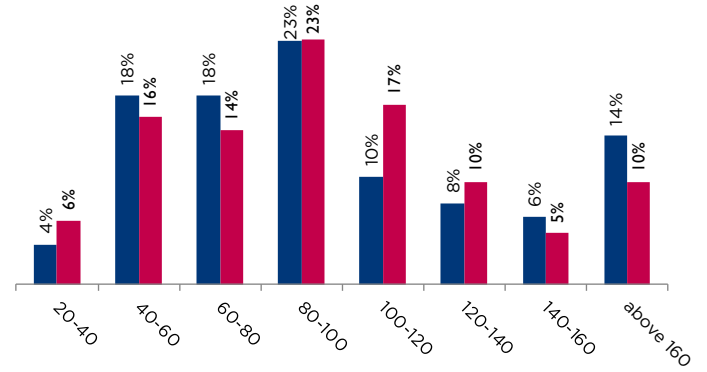
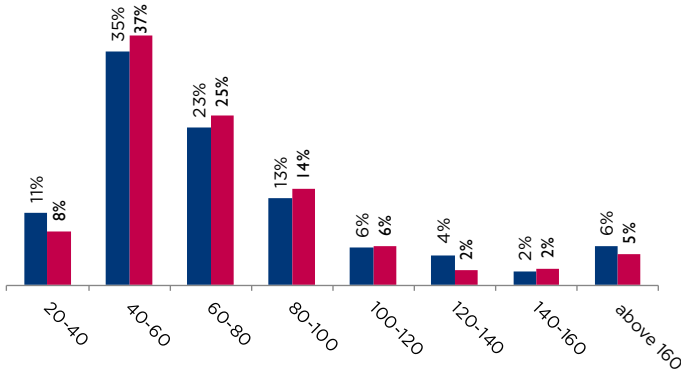
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### NATIONAL (EXCLUDING CENTRAL HUNGARY)

### PEST COUNTY

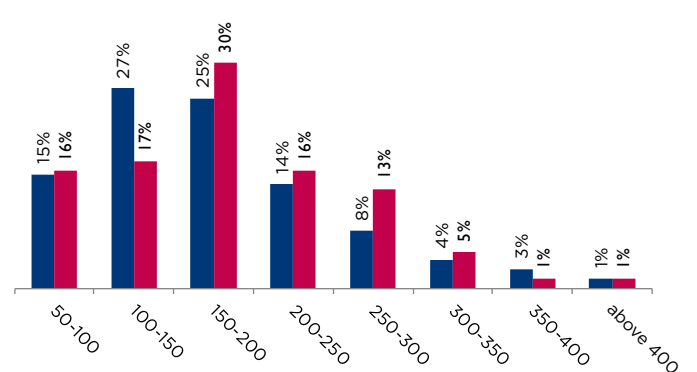
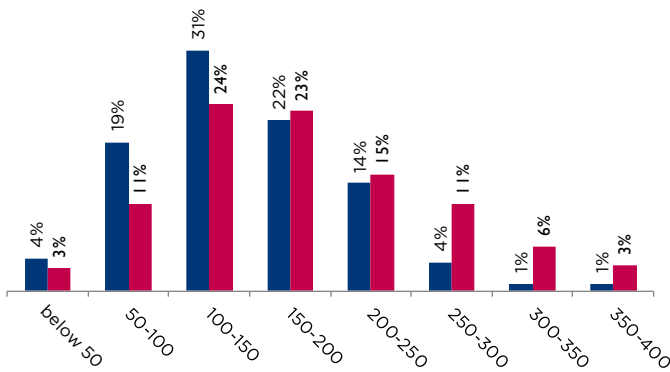
Size (m<sup>2</sup>)

Size (m<sup>2</sup>)



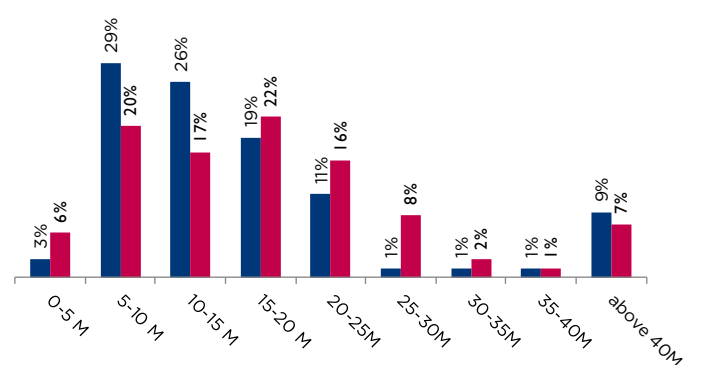
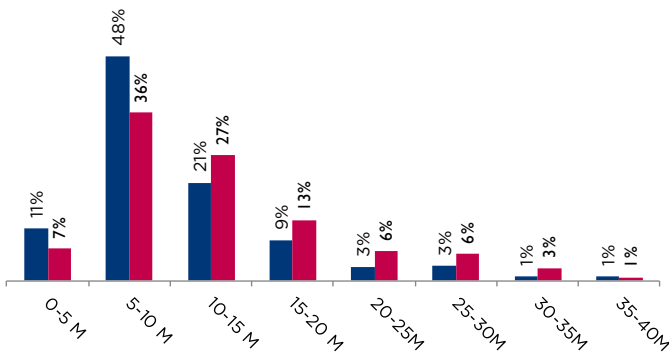
m<sup>2</sup> price (HUF thousand)

m<sup>2</sup> price (HUF thousand)



Price (HUF million)

Price (HUF million)



■ November 2015  
 ■ November 2016

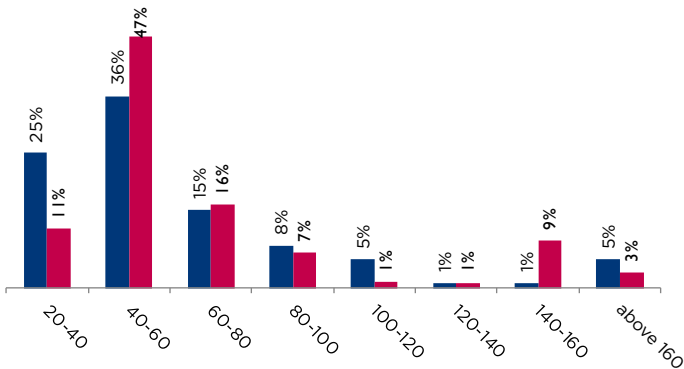
Based on property sold by Duna House Franchise network.

## TRANSACTION PARAMETERS – BUDAPEST

The picture on the Buda side of the capital is somewhat more nuanced, since although the HUF 300-400 thousand/m<sup>2</sup> price level showed an increase from 20% to 34%, the level above this at the same time decreased from 59 to 49%. Pest, as the other side of the capital, shows the accustomed picture presenting an increase from 19 to 37% in the HUF 400 thousand/m<sup>2</sup> plus level.

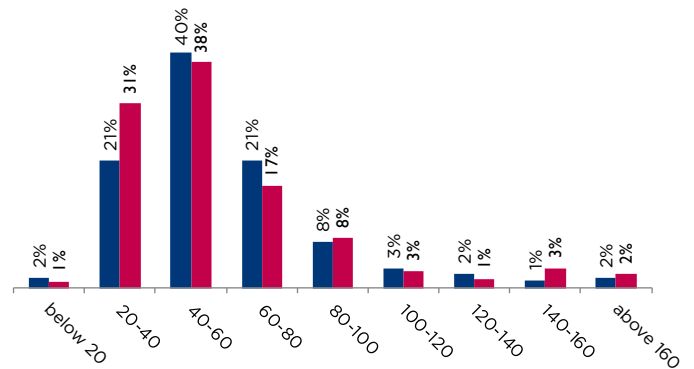
### BUDA

Size (m<sup>2</sup>)

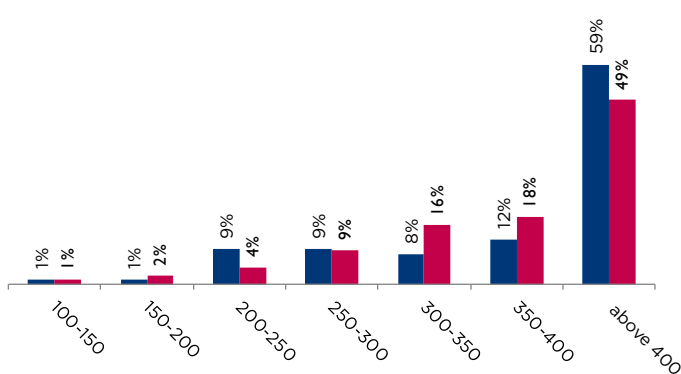


### PEST

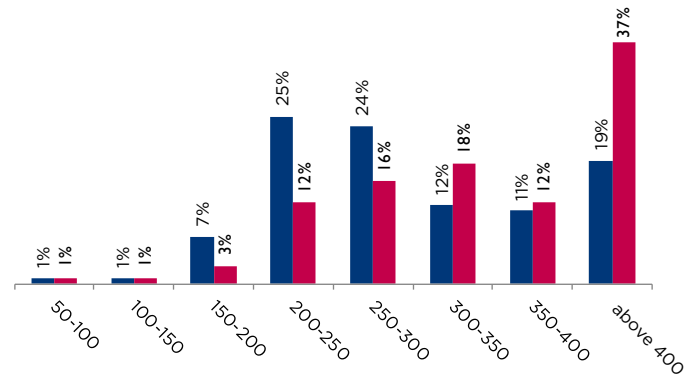
Size (m<sup>2</sup>)



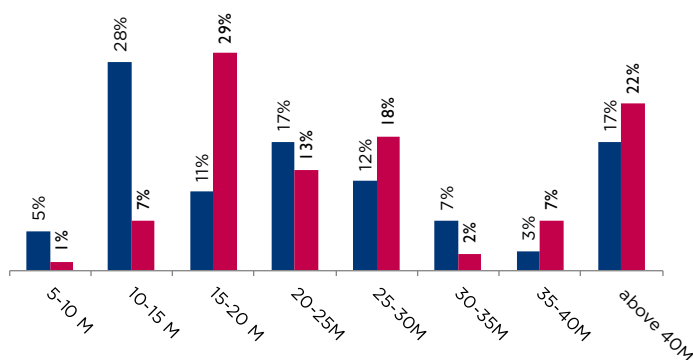
m<sup>2</sup> price (HUF thousand)



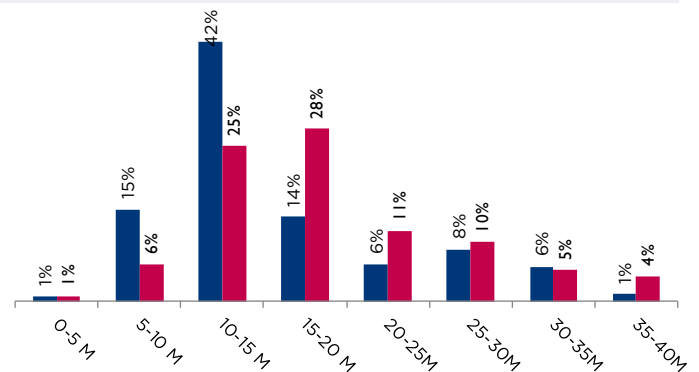
m<sup>2</sup> price (HUF thousand)



Price (HUF million)



Price (HUF million)



■ November 2015  
 ■ November 2016

Based on property sold by Duna House Franchise network.



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