

DUNA HOUSE BAROMETER

73. issue

July month 2017



THE LATEST PROPERTY MARKET INFO
FROM DUNA HOUSE NETWORK

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FORTHCOMING ISSUES

Date of issue	Content
September 8, 2017.	2017. August data
October 9, 2017.	2017. QIII. data (including price indexes)
November 8, 2017.	2017. October data
December 8, 2017.	2017. November data

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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.



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EXECUTIVE SUMMARY



Turnover volume on the real estate market in July, with its nearly 13 thousand value, was similar to June, and came in as the third strongest month within the current year. During the same period last year the market had already begun slowing down, in comparison to which this year presents a 15% higher value. As in total for the current year Duna House estimated 87 617 transactions, which is only slightly, 3% behind the first seven months of last year.

The downward demand trend seems to have stopped with the Demand Index jumping from 74 to 79 points in July. Although still accounting for the second weakest level, it is an impressive move following the steady fallback of the first six months.

In July, **panel flats** were sold for HUF 217 thousand in the East, and for HUF 205 thousand per m² in the West side of the country. Buyers paid **HUF 331th. in Pest, and HUF 367 th. in Buda** for one m² of the same type. Brick-built homes were sold in East-Hungary for HUF 308, while on the western part for HUF 247 thousand/m². Buyers paid HUF 444th. in Pest, and HUF 552 th/m² in Buda for the same type, while HUF 571th. In the Inner City. The least number of used flats for renovation was sold in East-Hungary, accounting for only 5% of the transactions. The volume of same quality flats was around 8% in the rest of the country. Most of excellent quality properties was sold in the eastern part -37% of transactions-, while in the western part of the country only one in four fell in the given category. In Central Hungary excellent quality flats reached 30% in all transactions.

The lowest bargain position in relation of family houses -5% was detected in Budapest. In Pest County it was 6%, and regionally reached 9% as the average achieved price bargain deal. In case of flats, sellers were in better positions, having to lower the price by only 3-4% both for panel and brick-built flats.

In July, **nearly one is every five potential buyers indicated District 13 as a target location.** This value is way above the next most popular locations, which are Districts 14 and 7, indicated by 16% of potential buyers only. District 5 is also regarded as popular with its 15%.

Although there is a **slight decline in the volume of investors in Budapest** when compared to the previous months, the group still accounts for over one third of all buyers. They spent HUF 29 Million for a flat on average. Group of investors is followed by those buying their first home, and those moving into a bigger property with their 22-22% ratio. The biggest group outside the capital generally is of those moving into a bigger property, whereas in July investors came in first. 31% of buyers indicated investment as the reason for the purchase, paying HUF 15.5 Million for a property on average. One fourth of the buyers purchased their first home, another fourth moved into a bigger property, meaning the circle of buyers was very similar to Budapest.

The volume of those planning to move into a bigger property is outstandingly high in Budapest. It was indicated as the reason for the selling in half of the cases. The second largest group is of those willing to move into a smaller, but accounting for only 18%. The group of those planning to move into a bigger property was the largest outside Budapest as well – in 35% of the cases sellers indicated it as the reason. 27% of sellers sold inherited property for HUF 12.3 Million on average.

In comparison to the previous year more bigger size flats were bought in **Budapest** – with the **ratio of flats of 60-80 m² growing**. Average square meter prices moved towards higher ranges; one can hardly find m² prices below HUF 450 thousand/m² in the capital. In Pest, the ratio of flats of HUF 15-20 Million, while in Buda the ratio of flats of above HUF 35 Million rose mainly. In Pest County a more significant growth was experienced in the range of properties above 160 m² size, whereas looking at its countrywide, no major changes in the size of flats are detected during the last year. Similarly to Budapest, m² prices also increased outside the capital, with a significantly higher ratio of flats sold on HUF 200-250 thousand/m² price level this year than in 2016. The price range of HUF 10-15 Million accounted for the highest ratio countrywide, but in Pest County the ratio of properties in the price range above HUF 40 Million also sore significantly.

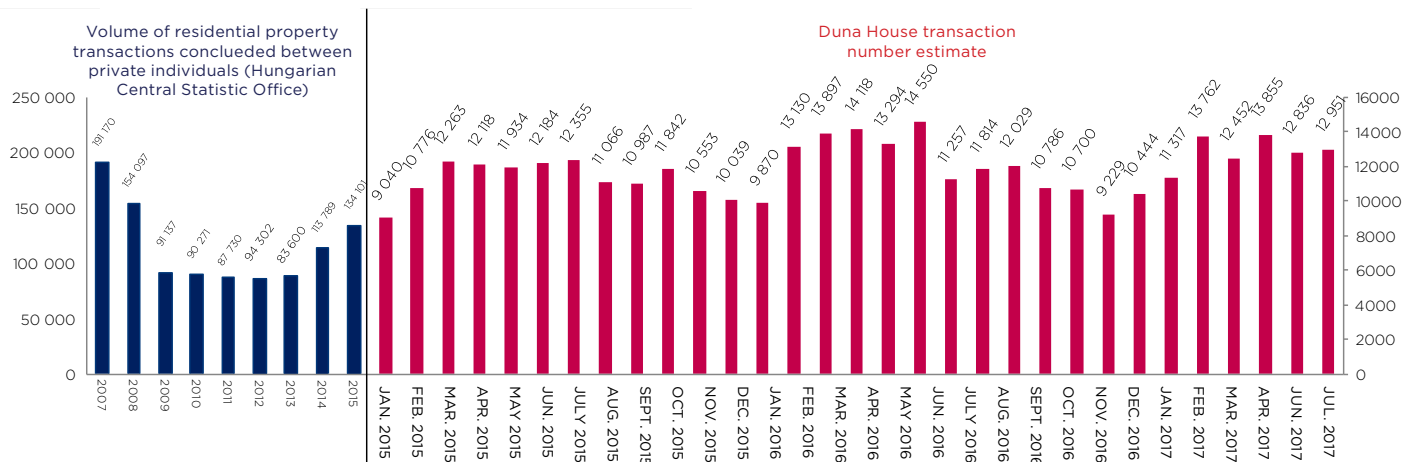
Further information

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TRANSACTION NUMBER AND DEMANDS INDEX

DH-TE (Duna House Transaction Number Estimate)

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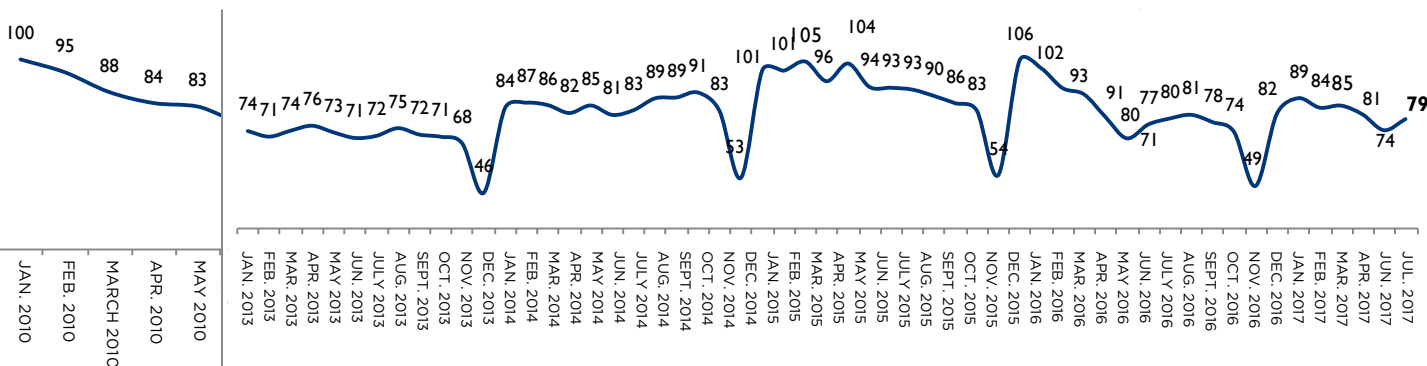


METHODOLOGY BEHIND DH-TE

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 downward demand trend seems to have stopped with the Demand Index jumping from 74 to 79 points in July. Although still accounting for the second weakest level, it is an impressive move following the steady fallback of the first six months.



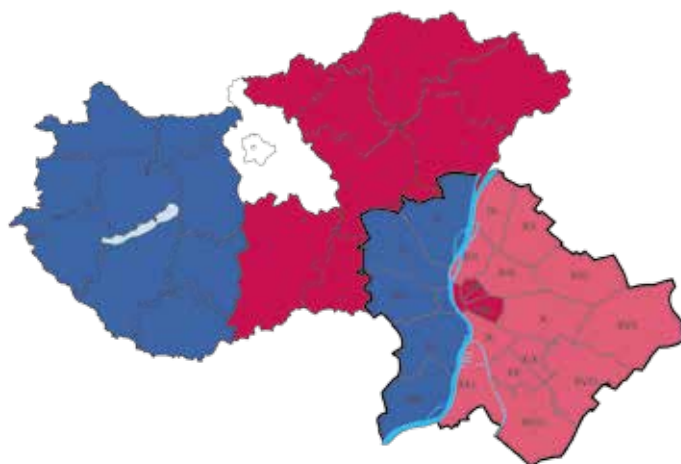
METHODOLOGY BEHIND DEMAND INDEX

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 FLAT DATA - JULY 2017

In July, **panel flats** were sold for HUF 217 thousand in the East, and for HUF 205 thousand per m² in the West side of the country. Buyers paid **HUF 331th. in Pest, and HUF 367th. in Buda** for one m² of the same type.

Brick-built homes were sold in East-Hungary for HUF 308, while on the western part for HUF 247 thousand/m². Buyers paid HUF 444th. in Pest, and HUF 552 thousand/m² in Buda for the same type, while HUF 571th. in the Inner City.



PANEL COUNTRYWIDE			
	Price	m ² price	Time need of sale/day

East	11 885 000	217 000	63
West	10 744 000	205 000	115

BRICK COUNTRYWIDE			
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East	17 724 000	308 000	106
West	14 067 000	247 000	152

PANEL BUDAPEST			
	Price	m ² price	Time need of sale/day

Buda	20 163 000	367 000	69
Pest	17 214 000	331 000	81

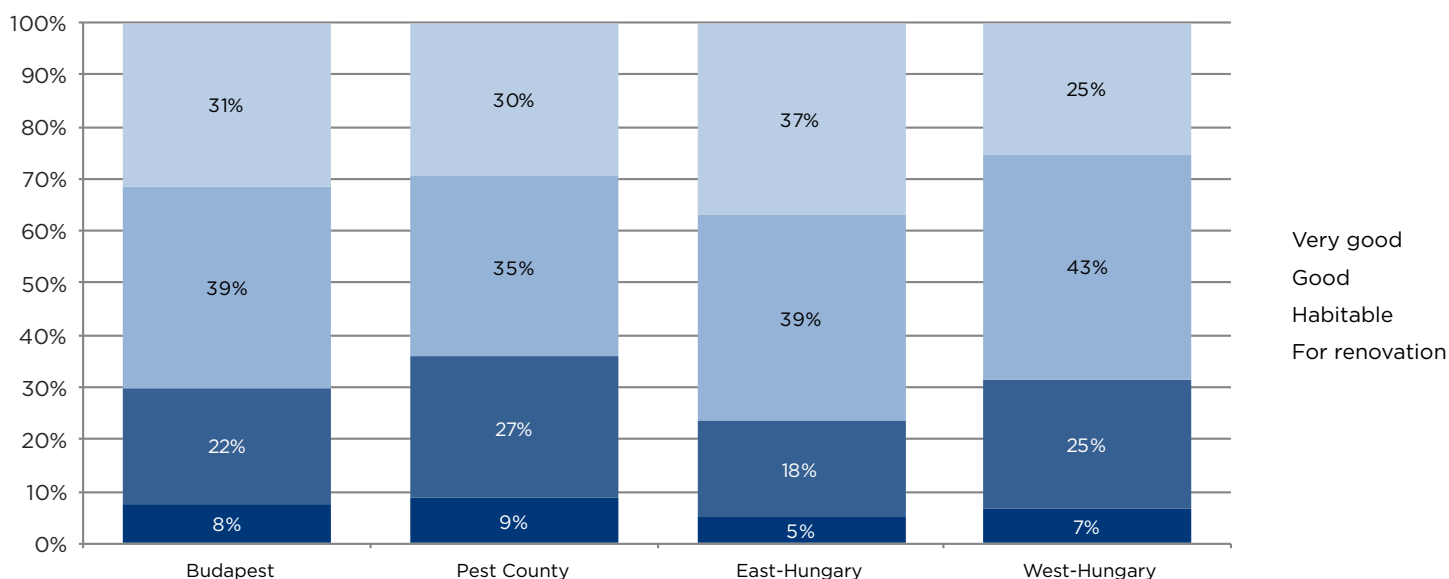
BRICK BUDAPEST			
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Buda	39 766 000	552 000	99
Pest	23 605 000	444 000	116
Inner City	33 640 000	571 000	88

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

QUALITY PREFERENCE (USED FLATS)

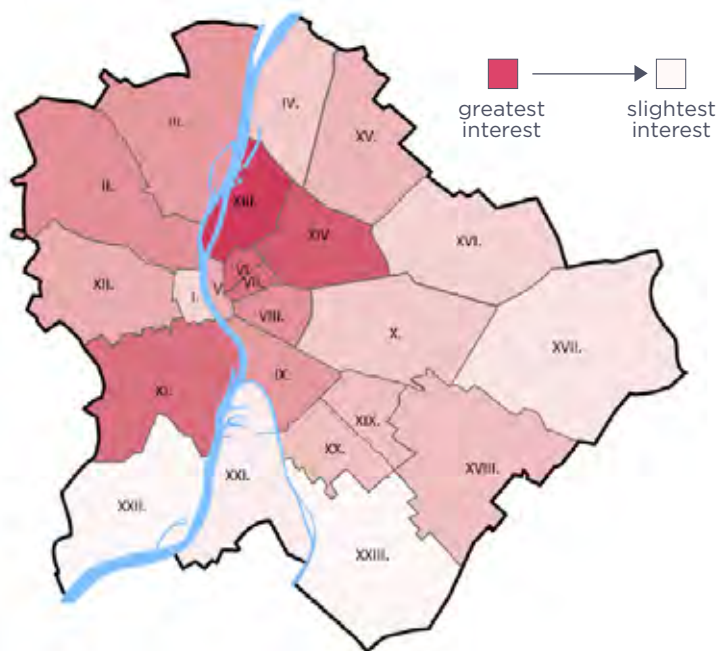
The least number of used flats for renovation was sold in East-Hungary, accounting for only 5% of the transactions. The volume of same quality flats was around 8% in the rest of the country. Most of excellent quality properties was sold in the eastern part -37% of transactions-, while in the western part of the country only one in four fell in the given category. In Central Hungary excellent quality flats reached 30% in all transactions.



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 TOWARD DISTRICTS

DISTRICT	2017. MAR.	2017. APR.
Budapest 01.	7,4%	8,2%
Budapest 02.	14,3%	13,5%
Budapest 03.	11,0%	11,4%
Budapest 04.	6,9%	7,9%
Budapest 05.	8,8%	10,1%
Budapest 06.	14,0%	14,5%
Budapest 07.	14,7%	15,9%
Budapest 08.	11,1%	12,3%
Budapest 09.	12,4%	13,3%
Budapest 10.	8,1%	6,9%
Budapest 11.	14,4%	14,3%
Budapest 12.	10,7%	10,7%
Budapest 13.	17,6%	19,1%
Budapest 14.	17,2%	16,2%
Budapest 15.	7,9%	6,9%
Budapest 16.	6,6%	5,4%
Budapest 17.	4,8%	4,5%
Budapest 18.	8,2%	9,1%
Budapest 19.	7,8%	8,3%
Budapest 20.	5,6%	6,3%
Budapest 21.	3,2%	4,0%
Budapest 22.	3,6%	3,8%
Budapest 23.	2,5%	2,9%



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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In July, nearly one is every five potential buyers indicated District 13 as a target location. This value is way above the next most popular locations, which are Districts 14 and 7, indicated by 16% of potential buyers only. District 5 is also regarded as popular with its 15%.

BARGAIN - JULY 2017

The lowest bargain position in relation of family houses -5% was detected in Budapest. In Pest County it was 6%, and regionally reached 9% as the average achieved price bargain deal. In case of flats, sellers were in better positions, having to lower the price by only 3-4% both for panel and brick-built flats.

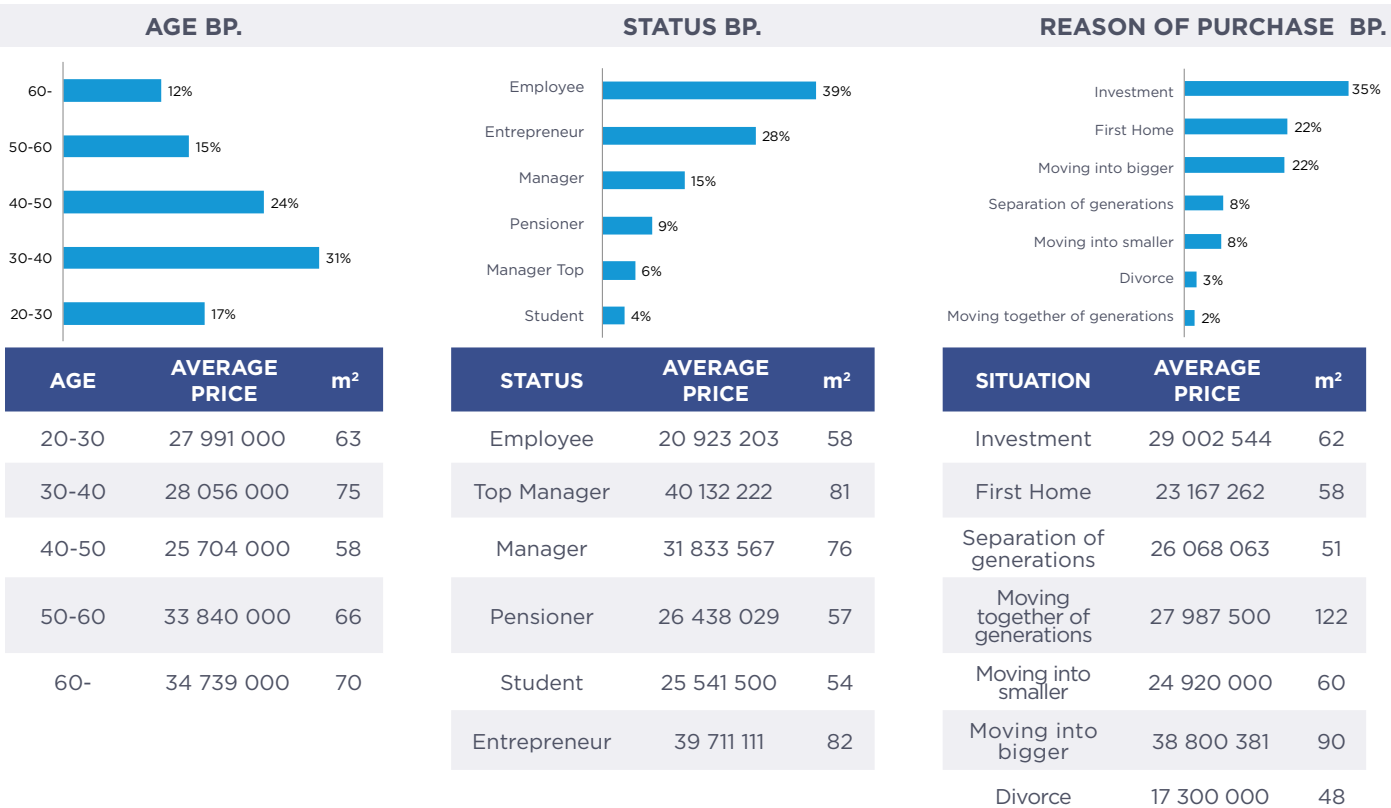
	CHANGE IN LISTING PRICE	BARGAIN
HOUSE		
Budapest	-3%	-5%
Pest county	-2%	-6%
Regional	-3%	-9%
PANEL		
Budapest	-2%	-3%
Regional	-1%	-4%
BRICK		
Budapest	-3%	-4%
Regional	-1%	-4%
TOTAL		
Budapest	-2%	-4%
Regional	-2%	-6%

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.

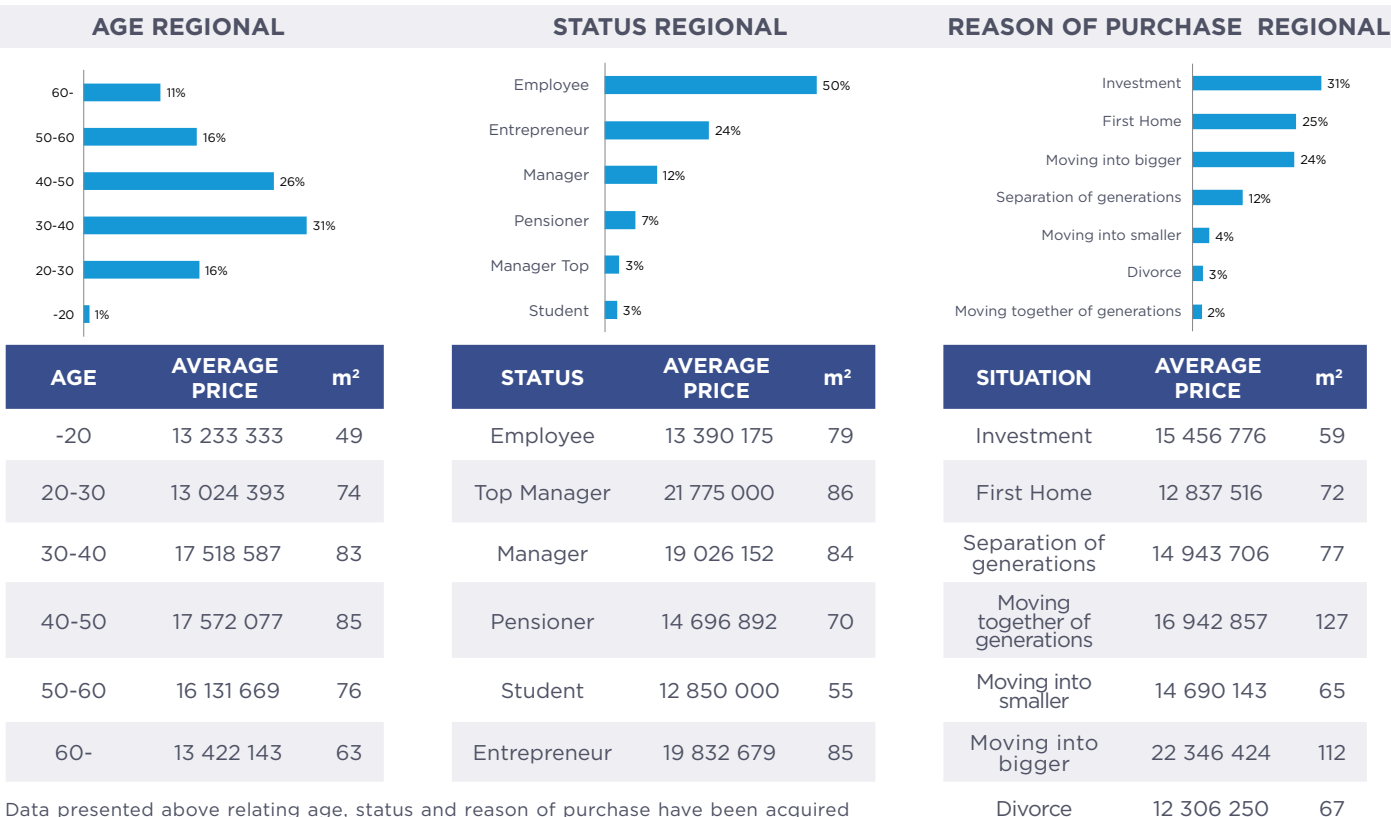
Based on purchase prices of the given period of properties brokered by Duna House.

CLIENT PROFILE: BUYERS

Although there is a **slight decline in the volume of investors in Budapest** when compared to the previous months, the group still accounts for over one third of all buyers. They spent HUF 29 Million for a flat on average. Group of investors is followed by those buying their first home, and those moving into a bigger property with their 22-22% ratio.



The biggest group outside the capital generally is of those moving into a bigger property, whereas in July investors came in first. 31% of buyers indicated investment as the reason for the purchase, paying HUF 15.5 Million for a property on average. One fourth of the buyers purchased their first home, another fourth moved into a bigger property, meaning the circle of buyers was very similar to Budapest .

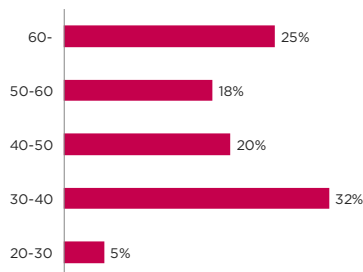


Data presented above relating age, status and reason of purchase have been acquired through the volunteer declaration of our clients. They qualify as sampling and are regarded as estimated values.

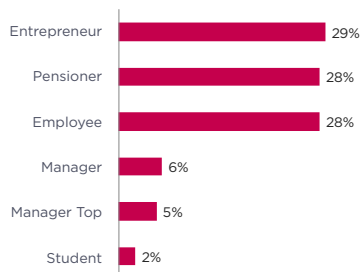
CLIENT PROFILE: SELLERS

The volume of those planning to move into a bigger property is outstandingly high in Budapest. It was indicated as the reason for the selling in half of the cases. The second largest group is of those willing to move into a smaller, but accounting for only 18%.

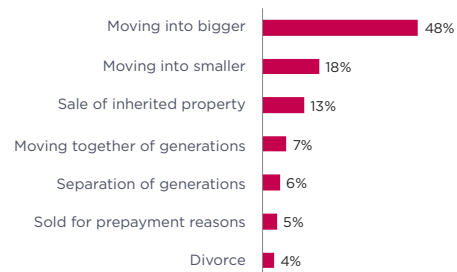
AGE BP.



STATUS BP.



REASON OF SALE BP.



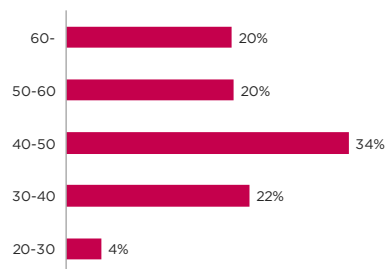
AGE	AVERAGE PRICE	m ²
20-30	23 622 222	51
30-40	25 599 050	58
40-50	29 280 405	60
50-60	34 428 801	89
60-	27 759 183	67

STATUS	AVERAGE PRICE	m ²
Employee	20 516 216	60
Top Manager	27 571 429	59
Manager	28 650 000	51
Pensioner	28 889 189	70
Student	23 466 667	44
Entrepreneur	41 490 895	87

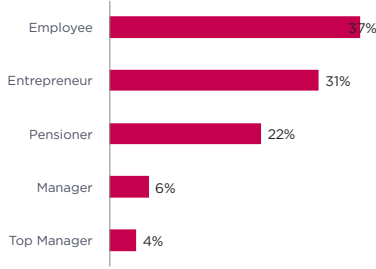
SITUATION	AVERAGE PRICE	m ²
Sold for prepayment reasons	18 440 000	56
Separation of generations	36 466 667	94
Moving together of generations	22 350 000	53
Moving into smaller	40 936 842	109
Moving into bigger	27 034 615	60
Sale of inherited property	24 407 143	67
Divorce	20 865 125	55

The group of those planning to move into a bigger property was the largest outside Budapest as well – in 35% of the cases sellers indicated it as the reason. 27% of sellers sold inherited property for HUF 12.3 Million on average.

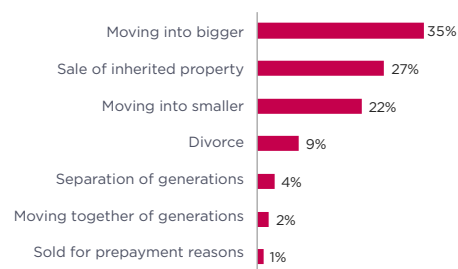
AGE REGIONAL



STATUS REGIONAL



REASON OF SALE REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	14 811 250	57
30-40	14 773 793	70
40-50	17 017 327	86
50-60	17 622 470	88
60-	15 143 744	85

STATUS	AVERAGE PRICE	m ²
Employee	13 062 645	79
Top Manager	24 441 077	106
Manager	15 999 650	88
Pensioner	13 241 233	79
Entrepreneur	22 067 242	85

SITUATION	AVERAGE PRICE	m ²
Sold for prepayment reasons	15 500 000	71
Separation of generations	19 750 000	108
Moving together of generations	13 183 333	69
Moving into smaller	18 727 455	114
Moving into bigger	14 291 364	67
Sale of inherited property	12 300 349	79
Divorce	22 472 727	114

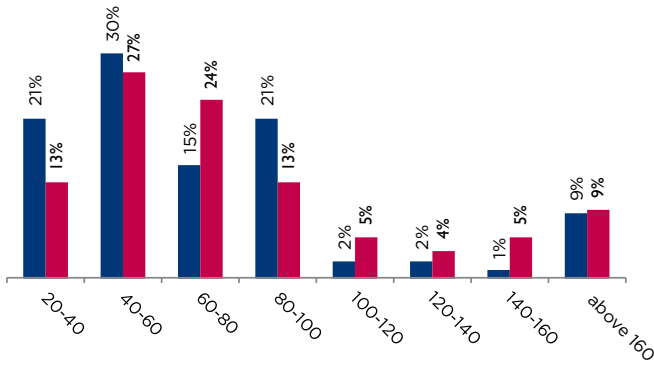
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TRANSACTION PARAMETERS – BUDAPEST

In comparison to the previous year more bigger size flats were bought in **Budapest** – with the **ratio of flats of 60-80 m² growing**. Average square meter prices moved towards higher ranges; one can hardly find m² prices below HUF 450 thousand/m² in the capital. In Pest, the ratio of flats of HUF 15-20 Million, while in Buda the ratio of flats of above HUF 35 Million rose mainly.

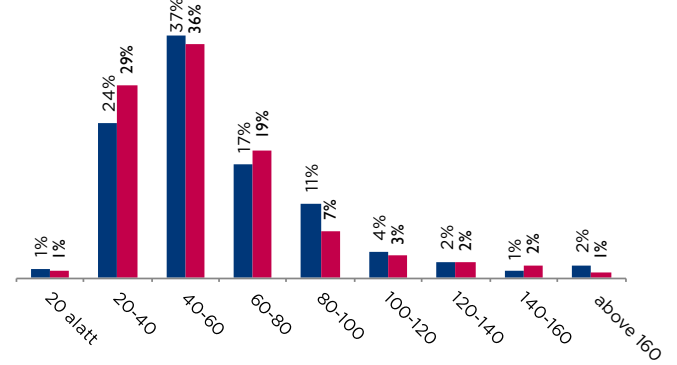
BUDA

Size (m²)

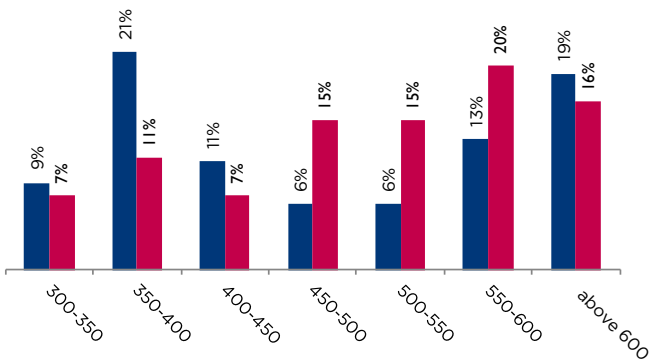


PEST

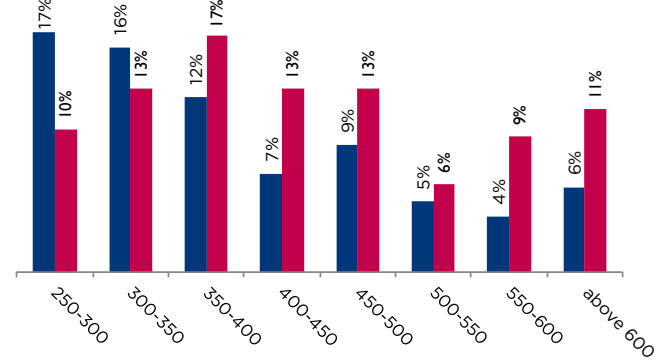
Size (m²)



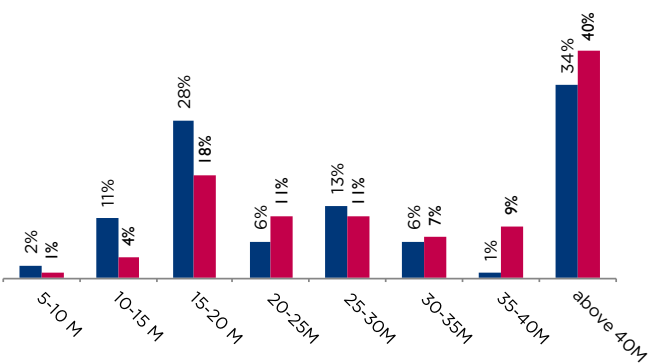
m² price (HUF thousand)



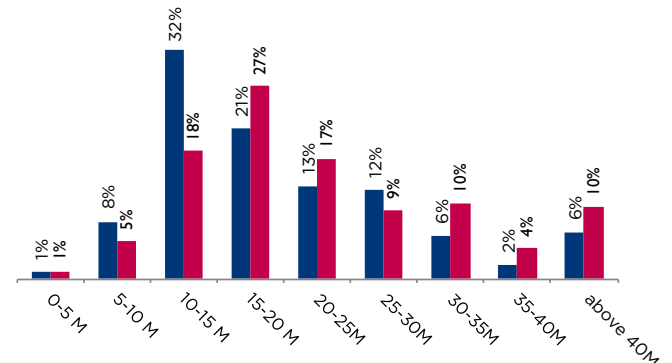
m² price (HUF thousand)



Price (HUF million)



Price (HUF million)



■ July 2016
■ July 2017

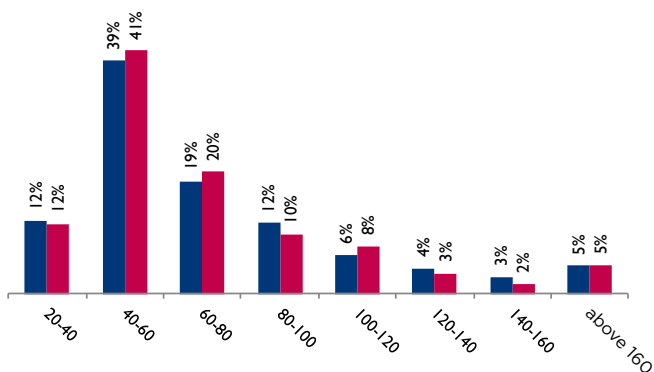
Based on property sold by Duna House Franchise network.

TRANSACTION PARAMETERS — REGIONAL

In Pest County a more significant growth was experienced in the range of properties above 160 m² size, where as looking at is countrywide, no major changes in the size of flats are detected during the last year. Similarly to Budapest, m² prices also increased outside the capital, with a significantly higher ratio of flats sold on HUF 200-250 thousand/m² price level this year than in 2016. The price range of HUF 10-15 Million accounted for the highest ratio countrywide, but in Pest County the ratio of properties in the price range above HUF 40 Million also sore significantly.

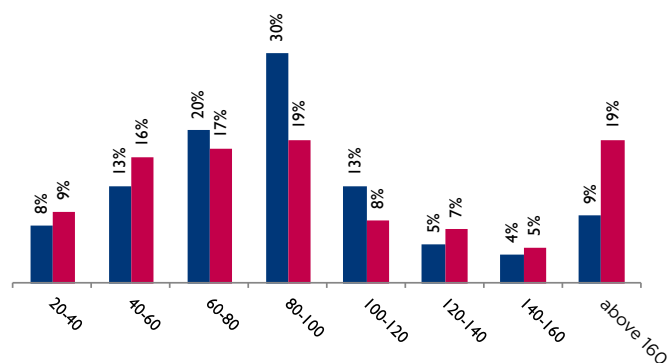
COUNTRYWIDE (EXCLUDING CENTRAL HUNGARY)

Size (m²)

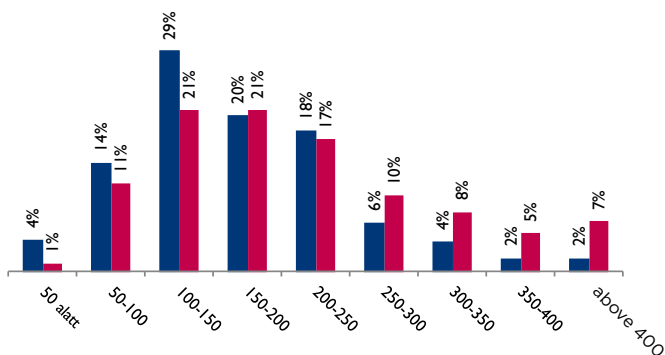


PEST COUNTY

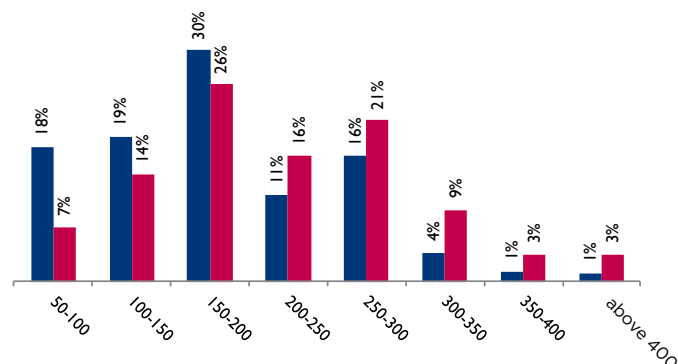
Size (m²)



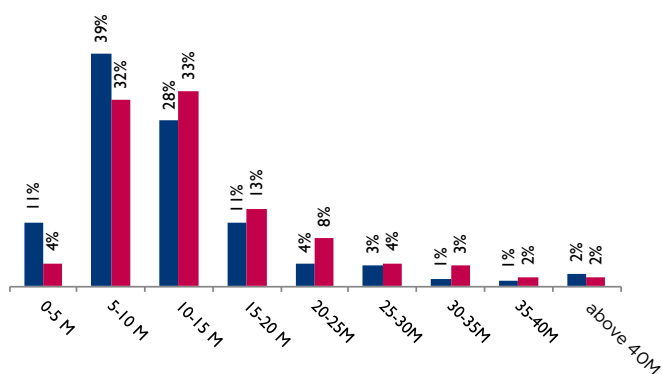
m² price (HUF thousand)



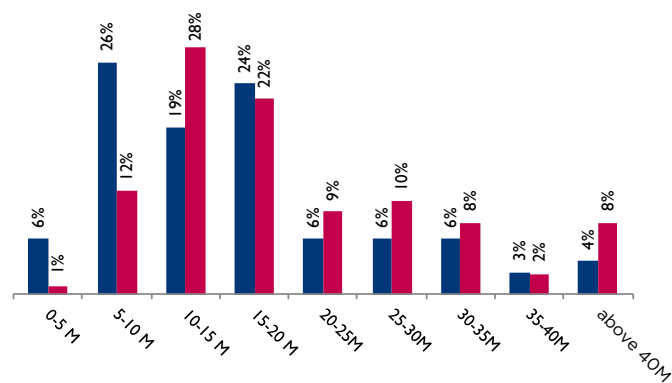
m² price (HUF thousand)



Price (HUF million)



Price (HUF million)



■ July 2016
■ July 2017

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