

DUNA HOUSE BAROMETER

76. issue

October 2017



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FORTHCOMING ISSUES

Date of issue	Content
December 8, 2017.	2017. November data
January 8, 2018.	2017. Q3-4 data (including price indexes)
February 8, 2018.	2018. January data
March 8, 2018.	2018. February 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.



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EXECUTIVE SUMMARY



Based on Duna House estimate, **12 246 property sale and purchase transactions took place in the month of October**, which accounts for a 13.5% growth in comparison with October 2016. It has been a tendency for years to experience lower transaction volumes in the second half of the year. Similarly, this year's October has accounted for the lowest sale-purchase volume this year since March, being by 1 609 lower than the record in May, and by 1 393 less than in September. Although October has started out well, in the second half of the month -probably due to the holidays and school break- a strong fallback was detected. Based on October data, **Duna House is expecting a stronger Q4 than a year before.**

Similarly to August, the **Demand Index in October is at 81 points**, showing a 4 point fallback in comparison with the previous month. Decrease towards the end of the year in itself is not unusual, as the values of the last quarter generally tend to be lower than earlier periods of the given year.

Panel flats in Eastern Hungary were sold for HUF 219 thousand per square meter on average in October. Prices in the Western part of the country were somewhat lower, with HUF 192 thousand average m² prices. In Budapest, the same type of flat was sold for HUF 417 th. in Buda, and for HUF 323 th. in Pest. Average price of brick-built flats ended up at HUF 252 th. in the eastern part, and at HUF 221 th. in the western part. Brick flats were sold for the most favorable price in Budapest on the Pest side (HUF 410 th./m²). The Buda side presented a HUF 585 th. average price, while the Inner City showed average m² prices for the same type above HUF 600 thousand (HUF 606 th./m²).

In October, on countrywide level, **mostly good quality flats were looked for by buyers**, accounting for 50% of purchases in West-Hungary, and for 49% in East-Hungary. The difference in Budapest was much less between the ratio of good quality (34%), and very good quality (33%) flats. The ratio of habitable class flats was the highest in Budapest (23%), in addition to which it was also where the highest ratio of buyers voted for a "for renovation" class property (10%). In October, the change in the listing price was around 2% in nearly every category. It was only Budapest, where sellers lowered their original prices by 1% only. Highest bargain positions were achieved in case of family houses outside Budapest (6%), while in other areas the **average bargain was 4%**, regardless of the category. For months now, **the highest interest in Budapest has been in relation of District 13**. When compared to September, the high base value has somewhat increased again, accounting for 19% of potential buyers indicating it as a target location. Although District 14. is still among the most popular locations, the indicated interest has lowered by 2%, during one month. District 11. is still popular (16.5%), just as well as District 6. (15.1%).

In Budapest, the most represented age group among buyers was the 30-40 (33%), while the highest value properties were acquired by the age group of 40-50 (for HUF 30.6 Million on average). Employees represent the highest ratio in Budapest among buyers (34%), who spend HUF 21.5 Million for a property on average. **In Budapest, the ratio of investors was 42%** in October. Similarly to Budapest, it was also the age of 30-40 (31%), and the group of employees with the largest representation (49%) among buyers. Investors' presence, on the other hand, is much lower (28%) outside Budapest. 27% of buyers moved into a bigger property, and 24% of the buyers acquired their first home.

Similar tendency can be observed on the seller's side, where the most represented age group was also the 30-40 (34%) in October. Entrepreneurs represented the highest ratio (37%) among sellers in October. 44% of sellers moved into a bigger property, with a high ratio of those inheriting a property as well (27%). The former group sold their average 52 m² size flats for an average HUF 22.7 Million. Inherited properties were sold for HUF 22 Million on average, in sizes around 60 m². Outside the capital, the age group of sellers presents a rather mixed picture, with only the age group of 20-30 remaining low (5%). The ratio of employees was relatively high (33%), next to which pensioners (29%), and entrepreneurs (27%) were dominant as well. The main reason behind the sale was indicated as moving into a bigger property (32%), which resulted in selling homes of 64 m² sizes on average, for around HUF 13.5 Million. Inherited property among sale transactions accounted for 27%, while 25% of sellers moved into a smaller flat.

In Buda, when compared to last October, the popularity of 40-60 m² size flats has grown the most. In October 2017, the given size range accounted for 41% of the transactions. It ended up as the most popular size range in Pest as well, but here the highest increase -9%- was in relation of the 60-80 m² size range. Average square meter prices are higher in Buda than in Pest, with 23% of sold properties falling in the range above HUF 600 thousand. The same accounts for 14% in Pest, which shows a 4% increase in the last year. In Buda, the ratio of flats sold for above HUF 40 Million decreased by 7% in comparison to 2016, in line with which the ratio of flats in the HUF 20-30 Million price range rose significantly. In Pest, there are still a few flats found for a price under HUF 10 Million, but prices are moving towards higher values on this side of the Danube as well. On regional level (excluding Central Hungary), the interest toward bigger size flats (60-120 m²) increased, while the ratio of smaller ones (20-60 m²) decreased. In Pest County, the most popular flats were in the 40-60 m², or the 160 m²+ size range, when compared to the previous year. Although average m² prices are generally behind Budapest levels, there are clearly more homes sold on higher m² prices than a year before. This October, on regional level, the highest ratio of sold properties falls in the HUF 5-10 Million price range (39%). **In Pest County, the ratio of flats in the price range above HUF 40 Million rose by 11%.**

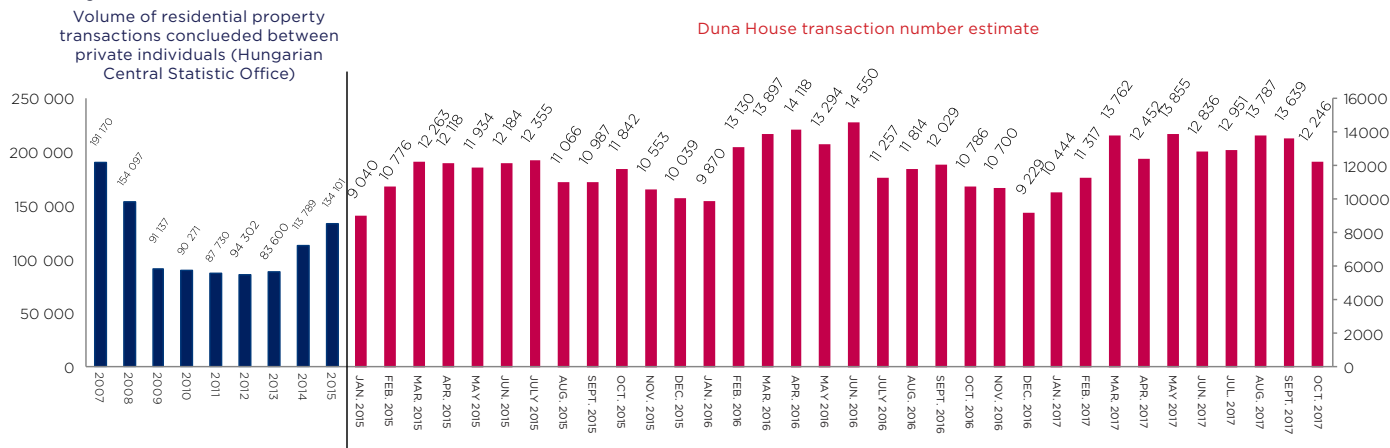
Further information

FerencMáté, FCCA • Deputy to the CEO/Board of Directors, Member • Duna House Holding
Duna House Holding Nyrt. • 1016 Budapest, Gellérthegy str. 17. • Tel.: +36-1-555-2222 • E-mail: mate.ferenc@dh.hu

TRANSACTION NUMBER AND DEMAND INDEX

DH-TE (Duna House Transaction Number Estimate)

Based on Duna House estimate, 12 246 property sale and purchase transactions took place in the month of October, which accounts for a 13.5% growth in comparison with October 2016. It has been a tendency for years to experience lower transaction volumes in the second half of the year. Similarly, this year's October has accounted for the lowest sale-purchase volume this year since March, being by 1 609 lower than the record in May, and by 1 393 less than in September. Although October has started out well, in the second half of the month -probably due to the holidays and school break- a strong fallback was detected. Based on October data, Duna House is expecting a stronger Q4 than a year before.

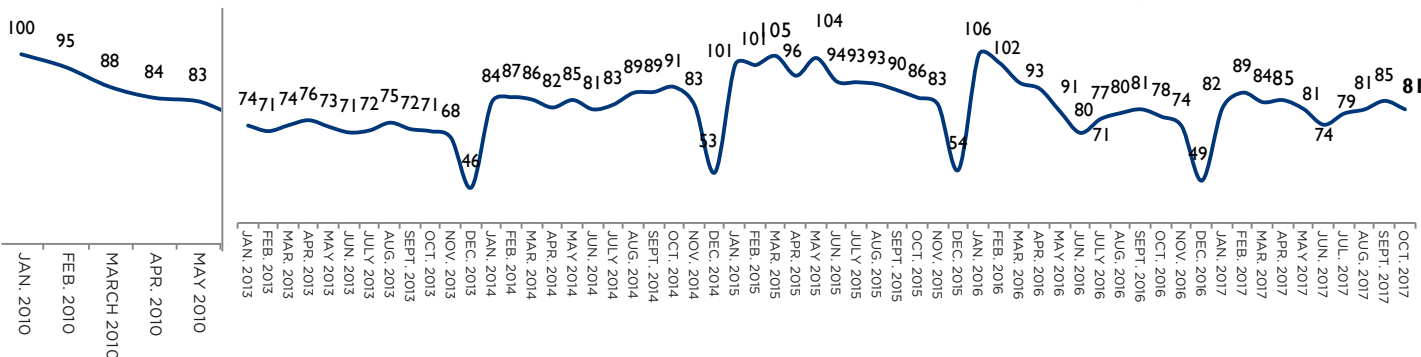


METHODOLOGY BEHIND DH-TE

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

Similarly to August, the Demand Index in October is at 81 points, showing a 4 point fallback in comparison with the previous month. Decrease towards the end of the year in itself is not unusual, as the values of the last quarter generally tend to be lower than earlier periods of the given year.



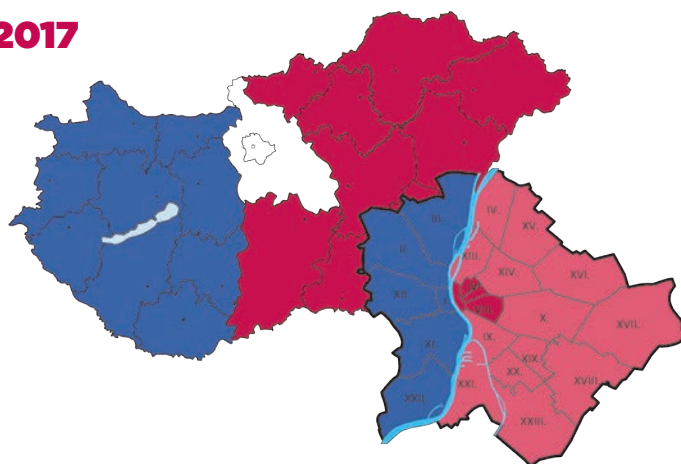
METHODOLOGY BEHIND DEMAND INDEX

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 - OCTOBER 2017

Panel flats in Eastern Hungary were sold for HUF 219 thousand per square meter on average in October. Prices in the Western part of the country were somewhat lower, with HUF 192 thousand average m² prices. In Budapest, the same type of flat was sold for HUF 417 th. in Buda, and for HUF 323 th. in Pest.

Average price of brick-built flats ended up at HUF 252 th. in the eastern part, and at HUF 221 th. in the western part. Brick flats were sold for the most favorable price in Budapest on the Pest side (HUF 410 th./m²). The Buda side presented a HUF 585 th. average price, while the Inner City showed average m² prices for the same type above HUF 600 thousand (HUF 606 th./m²).



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

East	13 392 000	219 000	52
West	10 451 000	192 000	89

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

East	15 299 000	252 000	118
West	11 848 000	221 000	121

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

Buda	21 192 000	417 000	110
Pest	17 720 000	323 000	76

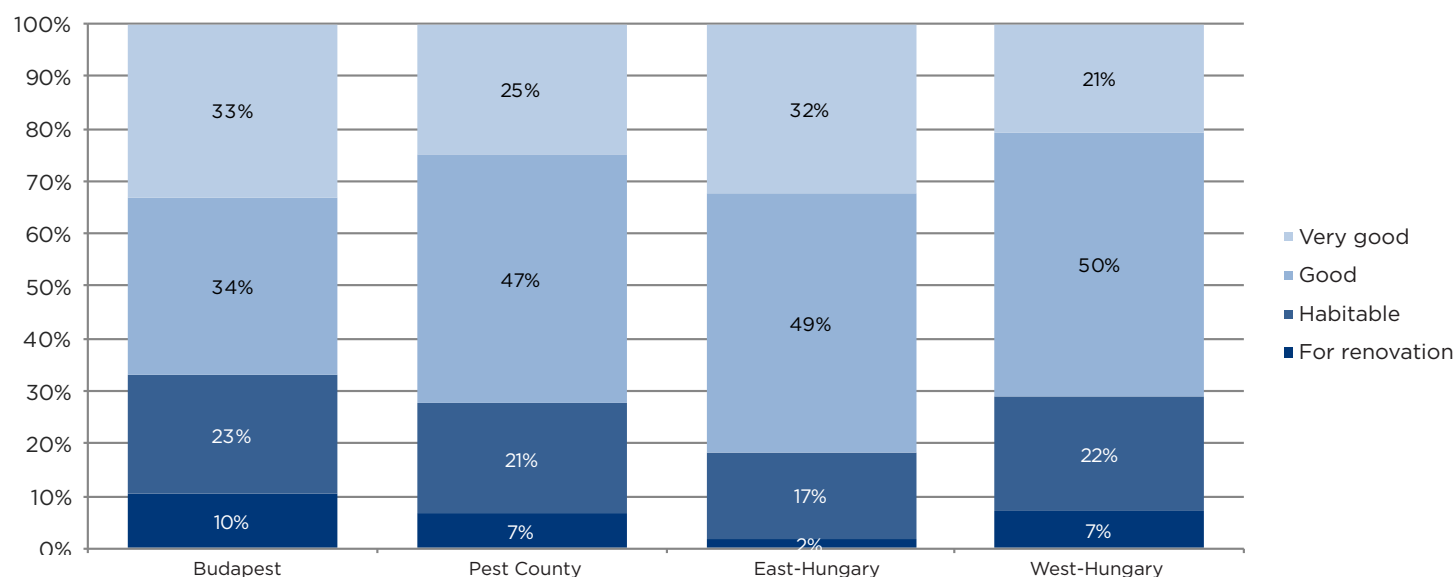
BRICK BUDAPEST			
	Price	m ² price	Time need of sale/day

Buda	36 368 000	585 000	105
Pest	22 887 000	410 000	109
Inner City	37 989 000	606 000	108

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

QUALITY PREFERENCE (USED FLATS)

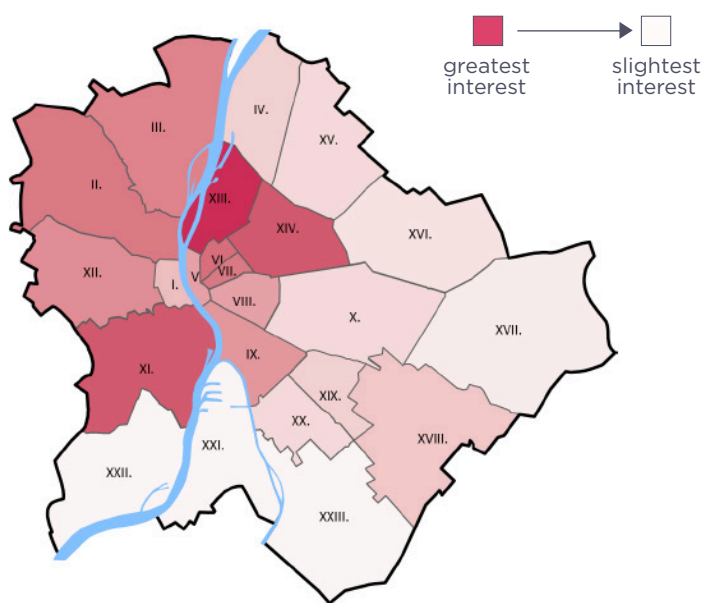
In October, on countrywide level, mostly good quality flats were looked for by buyers, accounting for 50% of purchases in West-Hungary, and for 49% in East-Hungary. The difference in Budapest was much less between the ratio of good quality (34%), and very good quality (33%) flats. The ratio of habitable class flats was the highest in Budapest (23%), in addition to which it was also where the highest ratio of buyers voted for a “for renovation” class property (10%).



In relation of geographical regions we do not consider the given territory's coverage by Duna House agencies. The analysis is based on properties sold by Duna House network.

INTEREST TOWARD DISTRICTS

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



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.

For months now, the highest interest in Budapest has been in relation of District 13. When compared to September, the high base value has somewhat increased again, accounting for 19% of potential buyers indicating it as a target location. Although District 14. is still among the most popular locations, the indicated interest has lowered by 2%, during one month. District 11. is still popular (16.5%), just as well as District 6. (15.1%).

BARGAIN – OCTOBER 2017

In October, the change in the listing price was around 2% in nearly every category. It was only Budapest, where sellers lowered their original prices by 1% only. Highest bargain positions were achieved in case of family houses outside Budapest (6%), while in other areas the average bargain was 4%, regardless of the category.

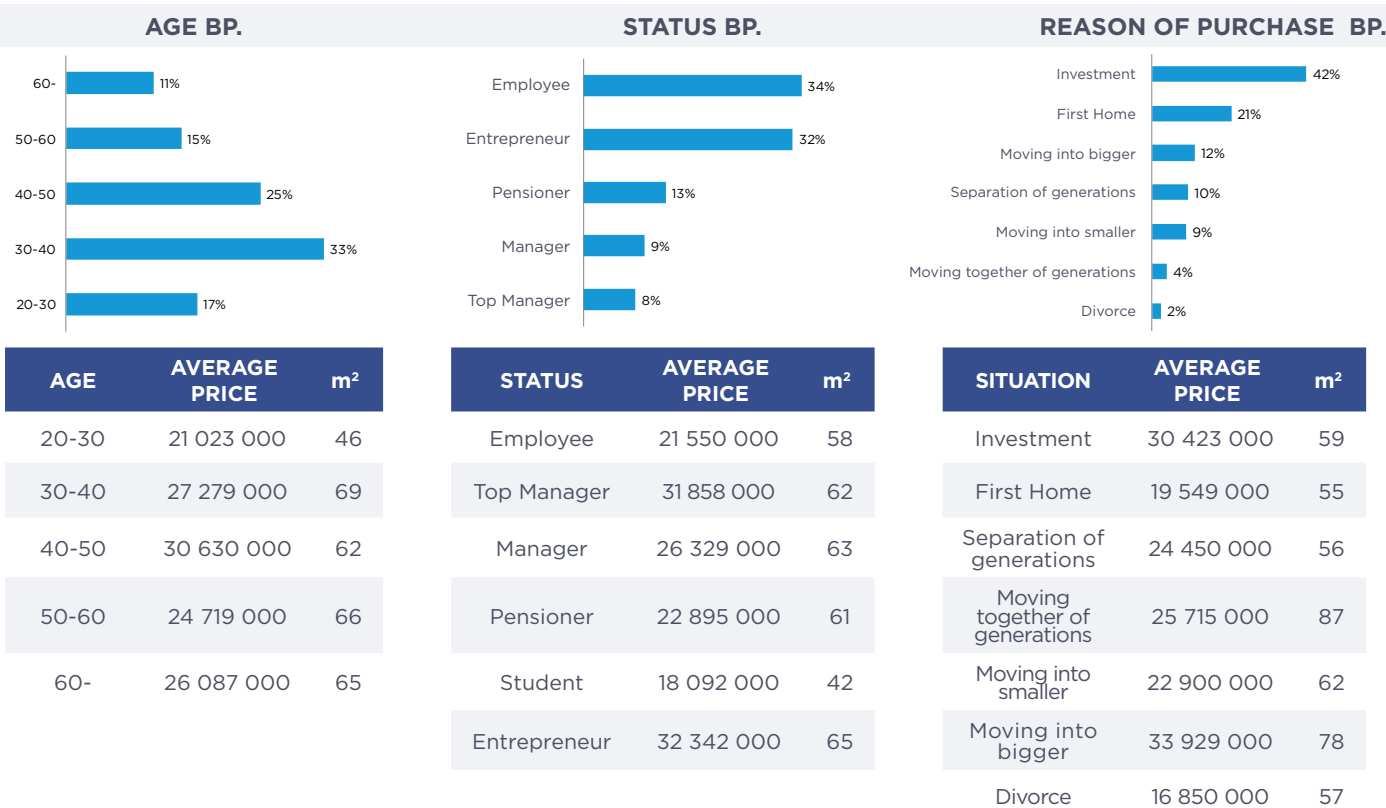
	CHANGE IN LISTING PRICE	BARGAIN
HOUSE		
Budapest	-1%	-4%
Pest county	-2%	-6%
Regional	-2%	-6%
PANEL		
Budapest	-2%	-4%
Regional	-2%	-4%
BRICK		
Budapest	-2%	-4%
Regional	-2%	-4%
TOTAL		
Budapest	-2%	-4%
Regional	-2%	-5%

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.

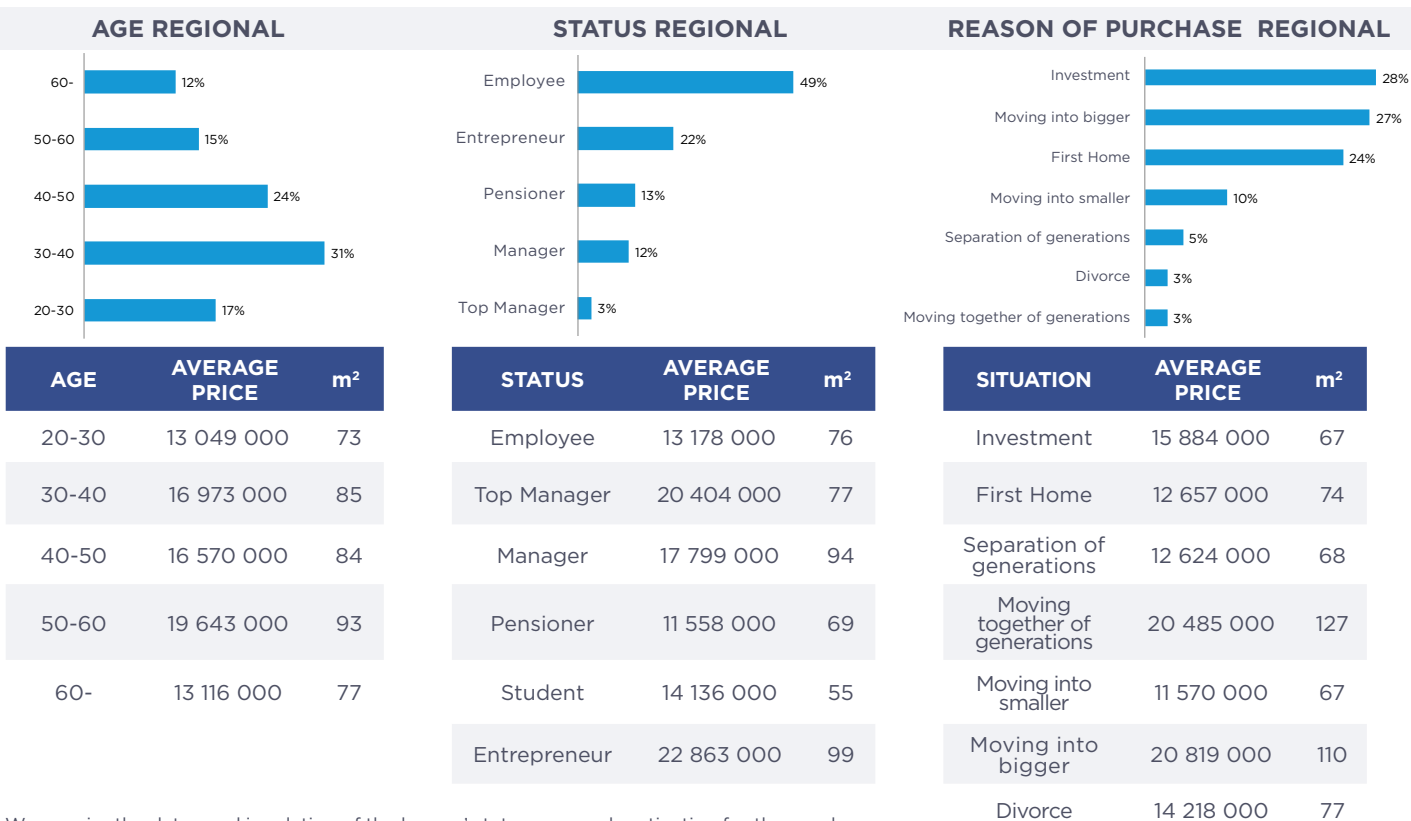
Based on the sales price of properties sold in the given period within Duna House network.

CLIENT PROFILE: BUYERS

In Budapest, the most represented age group among buyers was the 30-40 (33%), while the highest value properties were acquired by the age group of 40-50 (for HUF 30.6 Million on average). Employees represent the highest ratio in Budapest among buyers (34%), who spend HUF 21.5 Million for a property on average. In Budapest, the ratio of investors was 42% in October.



Similarly to Budapest, it was also the age of 30-40 (31%), and the group of employees with the largest representation (49%) among buyers. Investors' presence, on the other hand, is much lower (28%) outside Budapest. 27% of buyers moved into a bigger property, and 24% of the buyers acquired their first home.

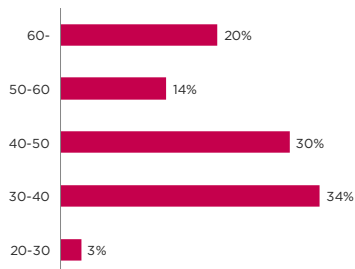


We acquire the data used in relation of the buyers' status, age and motivation for the purchase through our client's voluntarily given verbal declaration, thus it shall be regarded as estimation.

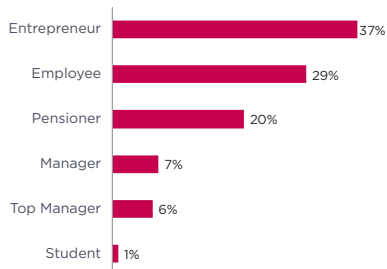
CLIENT PROFILE: SELLERS

Similar tendency can be observed on the seller's side, where the most represented age group was also the 30-40 (34%) in October. Entrepreneurs represented the highest ratio (37%) among sellers in October. 44% of sellers moved into a bigger property, with a high ratio of those inheriting a property as well (27%). The former group sold their average 52 m² size flats for an average HUF 22.7 Million. Inherited properties were sold for HUF 22 million on average, in sizes around 60 m².

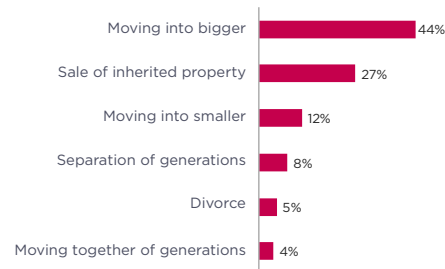
AGE BP.



STATUS BP.



REASON OF SALE BP.



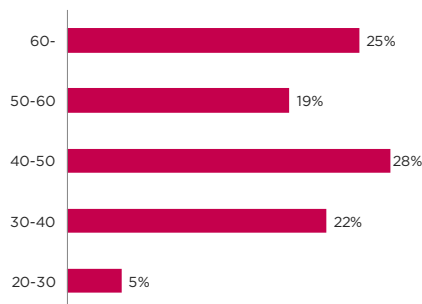
AGE	AVERAGE PRICE	m ²
20-30	21 600 000	43
30-40	24 912 000	56
40-50	26 434 000	66
50-60	29 838 000	64
60-	24 200 000	70

STATUS	AVERAGE PRICE	m ²
Employee	18 511 000	56
Top Manager	28 829 000	70
Manager	31 955 000	68
Pensioner	24 153 000	74
Entrepreneur	33 068 000	71
Student	24 600 000	42

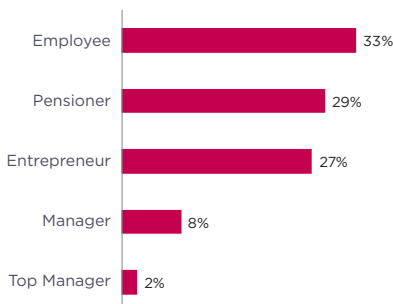
SITUATION	AVERAGE PRICE	m ²
Separation of generations	40 444 000	66
Moving together of generations	21 463 000	48
Moving into smaller	29 217 000	93
Moving into bigger	22 678 000	52
Sale of inherited property	22 270 000	60
Divorce	31 340 000	98

Outside the capital, the age group of sellers presents a rather mixed picture, with only the age group of 20-30 remaining low (5%). The ratio of employees was relatively high (33%), next to which pensioners (29%), and entrepreneurs (27%) were dominant as well. The main reason behind the sale was indicated as moving into a bigger property (32%), which resulted in selling homes of 64 m² sizes on average, for around HUF 13.5 Million. Inherited property among sale transactions accounted for 27%, while 25% of sellers moved into a smaller flat.

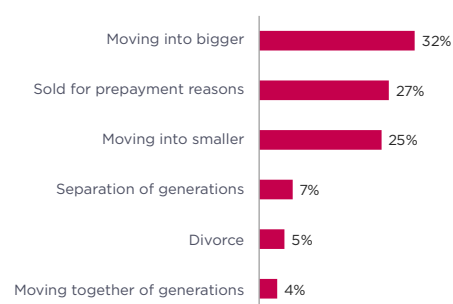
AGE REGIONAL



STATUS REGIONAL



REASON OF SALE REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	11 156 000	68
30-40	18 039 000	81
40-50	17 620 000	82
50-60	15 432 000	87
60-	15 269 000	93

STATUS	AVERAGE PRICE	m ²
Employee	14 056 000	80
Top Manager	43 379 000	136
Manager	15 150 000	83
Pensioner	15 028 000	94
Entrepreneur	19 109 000	81

SITUATION	AVERAGE PRICE	m ²
Separation of generations	26 308 000	118
Moving together of generations	11 195 000	64
Moving into smaller	19 366 000	117
Moving into bigger	13 459 000	64
Sale of inherited property	11 616 000	83
Divorce	25 377 000	115

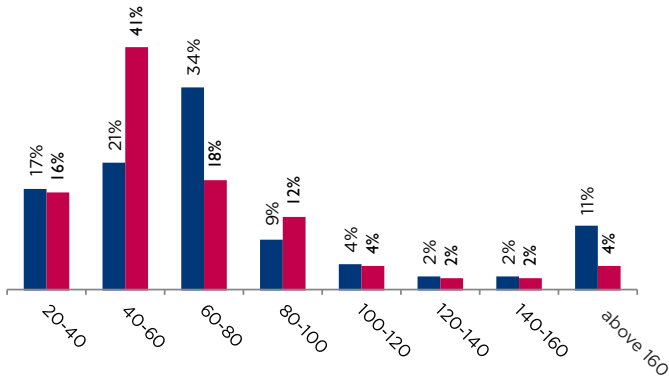
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TRANSACTION PARAMETERS – BUDAPEST

In Buda, when compared to last October, the popularity of 40-60 m² size flats has grown the most. In October 2017, the given size range accounted for 41% of the transactions. It ended up as the most popular size range in Pest as well, but here the highest increase - 9% - was in relation of the 60-80 m² size range. Average square meter prices are higher in Buda than in Pest, with 23% of sold properties falling in the range above HUF 600 thousand. The same accounts for 14% in Pest, which shows a 4% increase in the last year. In Buda, the ratio of flats sold for above HUF 40 Million decreased by 7% in comparison to 2016, in line with which the ratio of flats in the HUF 20-30 Million price range rose significantly. In Pest, there are still a few flats found for a price under HUF 10 Million, but prices are moving towards higher values on this side of the Danube as well.

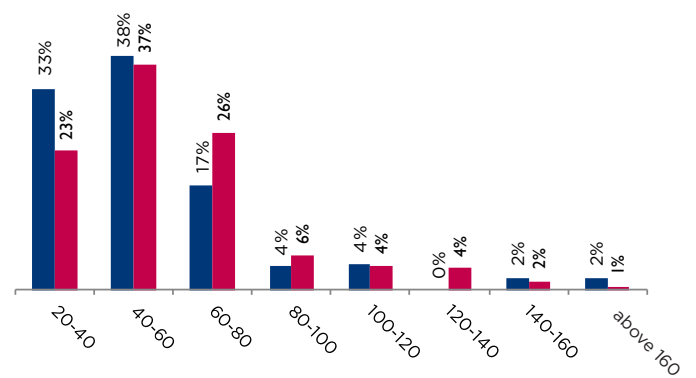
BUDA

Size (m²)

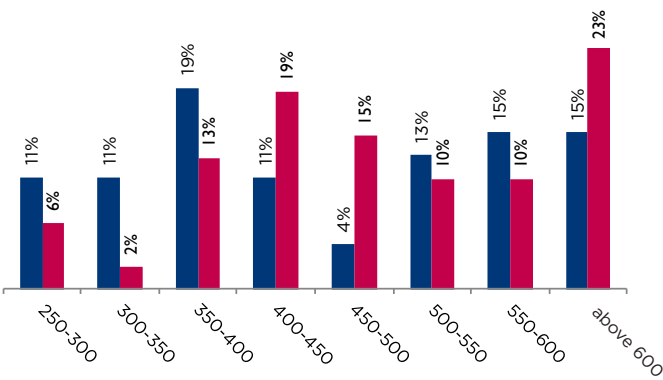


PEST

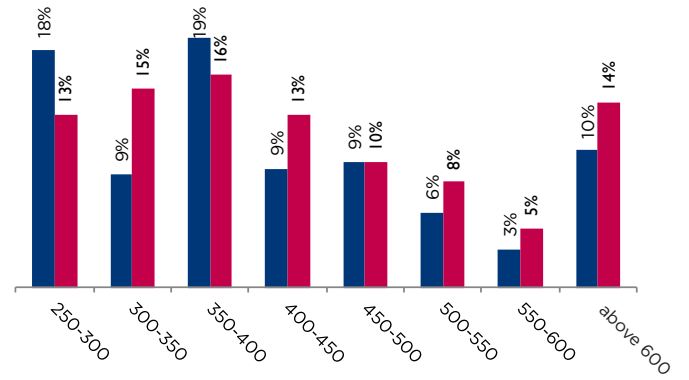
Size (m²)



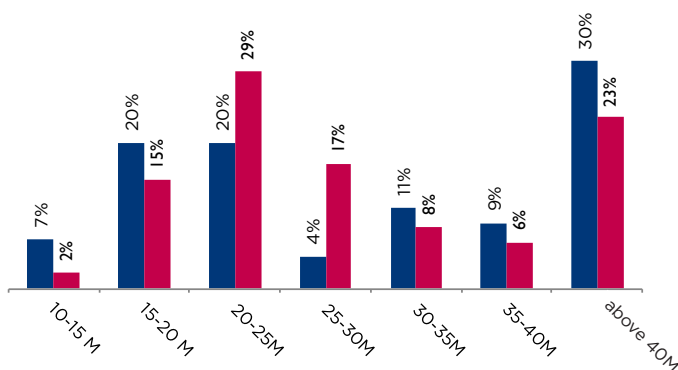
m² price (HUF thousand)



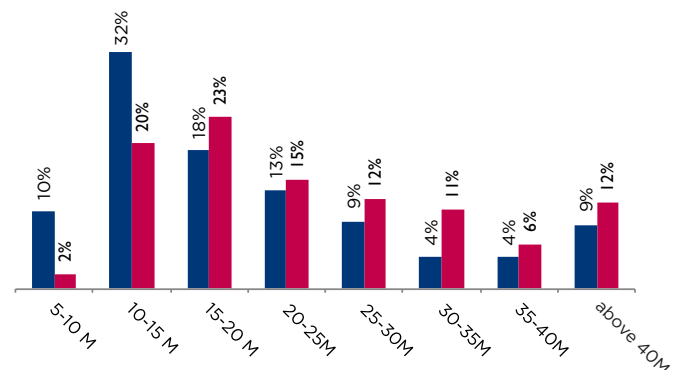
m² price (HUF thousand)



Price (HUF million)



Price (HUF million)



■ October 2016
■ October 2017

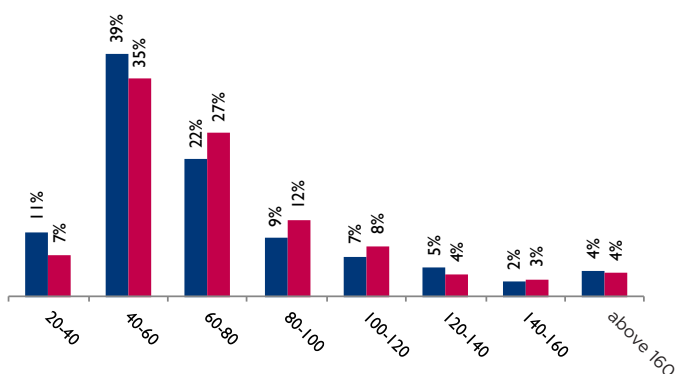
Based on properties sold by the Duna House Franchise network.

TRANSACTION PARAMETERS — REGIONAL

On regional level (excluding Central Hungary), the interest toward bigger size flats (60-120 m²) increased, while the ratio of smaller ones (20-60 m²) decreased. In Pest County, the most popular flats were in the 40-60 m², or the 160 m²+ size range, when compared to the previous year. Although average m² prices are generally behind Budapest levels, there are clearly more homes sold on higher m² prices than a year before. This October, on regional level, the highest ratio of sold properties falls in the HUF 5-10 Million price range (39%). In Pest County, the ratio of flats in the price range above HUF 40 Million rose by 11%.

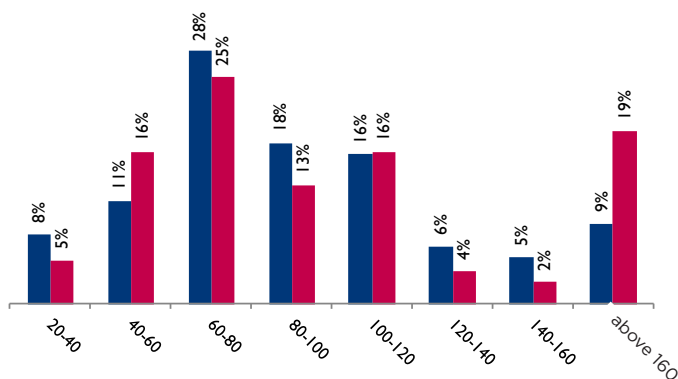
**COUNTRYWIDE
(EXCLUDING CENTRAL HUNGARY)**

Size (m²)

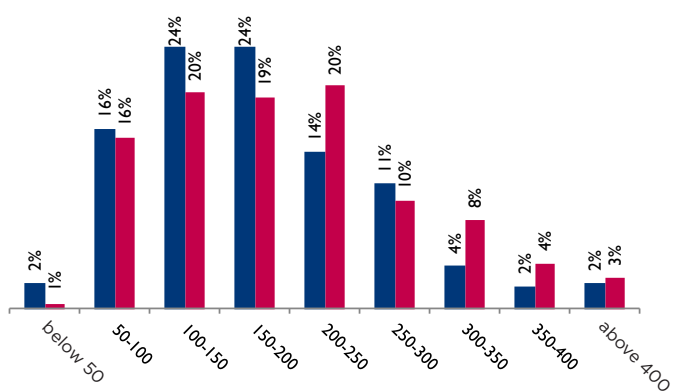


PEST COUNTY

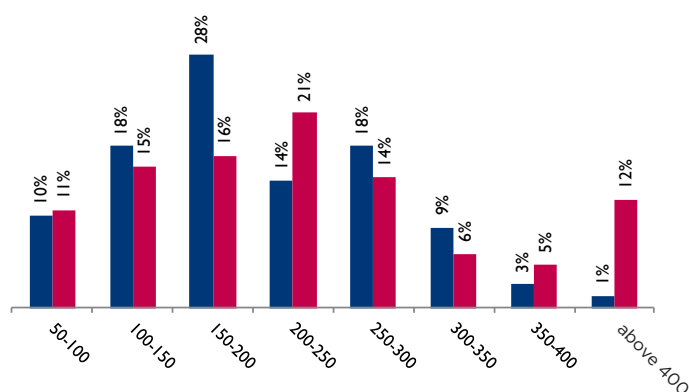
Size (m²)



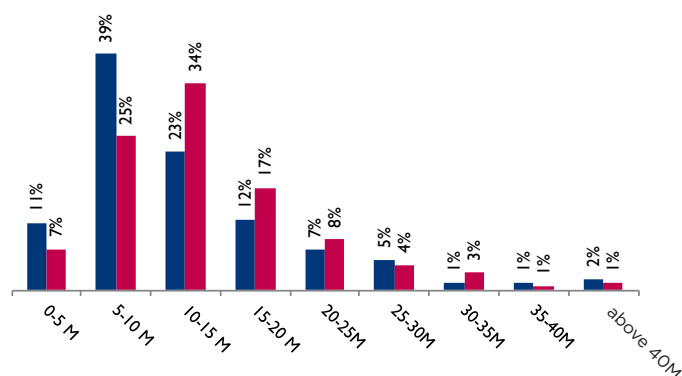
m² price (HUF thousand)



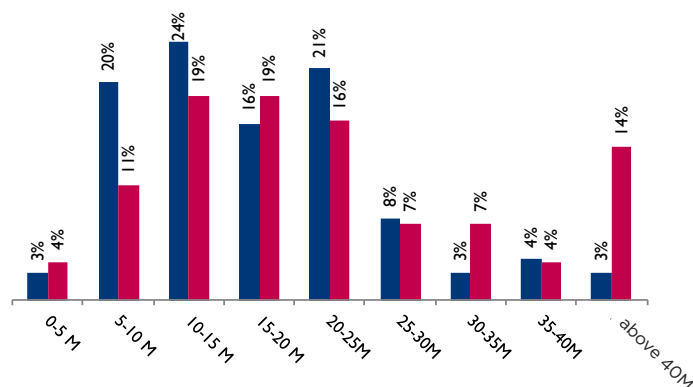
m² price (HUF thousand)



Price (HUF million)



Price (HUF million)



■ October 2016
■ October 2017

Based on properties sold by the Duna House Franchise network.



DUNA HOUSE®

H-1016 Budapest,
Gellerthegy str. 17.

Phone: +36-1/555-2222

Fax: +36-1/555-2220

www.dh.hu