DUNA HOUSE
BAROMETER

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November 2017

THE LATEST PROPERTY MARKET INFO
FROM DUNA HOUSE NETWORK

www.dh.hu

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FORTHCOMING ISSUES

Date of issue	Content
January 8. 2018.	2017. Q3-4 data (including price indexes)
February 8, 2018.	2018. January data
March 8, 2018.	2018. February data
April 9, 2018.	2018. Q1 data (including price indexes)

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GENERAL INFORMATION CONSERNING 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:

EXECUTIVE SUMMARY

We are expecting a stronger Q4 in 2017 than in the last period of the previous year. Although the transaction volume is slowly declining in line with seasonality towards the end of the year, a **10.5% growth** is detected i**n comparison with the month of November in 2016.** From dynamics aspect, these values are closer to 2015 trends, but on a higher level. This year, and in 2015, the volume of the fallback in Q4 was somewhat lower than in 2016. This year so far, 139 109 transactions have taken place, while last year the same indicator, at the same time showed 135 444.

The Demand Index in November decreased by 7%, standing at **74 points at present.** Together with the July value, it is the lowest in the current year. Strong seasonality effects characterize the Index, in line with which its value presents a decline towards the end of the year, in 2017 as well.

Panel flats in East-Hungary were sold on lower price in November than during the previous month, for an average HUF 203 thousand square meter price. Somewhat lower prices, around HUF 195 th./m^2 were seen in the western part of the country, showing a nearly identical picture with the pervious month. In Budapest, the average m^2 price of panel flats was HUF 458 in Buda, and HUF 341 in Pest, indicating a price increase on both sides of the Danube.

The average price of brick-built flats was HUG 241 in East-Hungary, and HUF 231 in the western part of the country. In Budapest, the average m^2 price of brick flats increased when compared to October in Pest, stagnated on the Buda side, and somewhat decreased in the Inner City. In exact values, it meant HUF 583 in Buda, HUF 44 in Pest, and HUF 575 in the Inner City in November. Similarly to the previous period, good quality class flats were the most popular in November again. The class accounted for 50% of purchases in East-Hungary, 48% in Pest County, and also reached 40% in Budapest and West-Hungary. The ratio of lower quality flat purchases was higher than usual in West-Hungary. On the contrary, in Budapest, the ratio of flats for renovation was only around 5% - while in the previous months it was 10%.

District 13 remained the most popular location. Although the interest toward the named location decreased by 2% in November, still 17.2% of potential buyers indicated it as a desired location. The second most popular location is still District 14, with District 11 coming in third.

The best bargain position was detected outside Budapest, and in case of family homes (7%), but Budapest and Pest County also presents an average 6% bargain potential for family homes. The lowest bargain potential was seen in case on panel flats (3% in Budapest, and 5% regionally). As far as brick-built flats were concerned, 4% in Budapest, and 5% regionally was shown.

In Budapest, the highest ratio among buyers fell in the age group of 30-40 (34%), while another age group bought the most expensive properties, the group of 40-50, paying HUF 35.8 on average, accounting for a HUF 5 Million higher value than in October. The highest ratio of buyers in Budapest are among employees (33%), paying HUF 21.3 on average for their new property. **The ratio of investors in Budapest, in November, was 43%.** Similarly to Budapest, the ratio of the age group of 30-40 (33%), and the group of employees (55%) was the highest among buyers on regional level. Also on regional level, **the ratio of those moving into a bigger property was two times higher (32%), while the ratio of buyers with investment goal was around half (26%) of the values measured in Budapest.** The ratio of those buying their first home was only a few percent behind (21%).

Among sellers in Budapest, the age group of 30-40 (27%), and 40-50 (26%) was represented in nearly the same volume. The highest part of sellers were entrepreneurs (36%). The leading reason behind the sale was moving into a bigger property, next to which the ratio of those selling inherited property was also high (29%) in the capital. Those moving into a bigger property sold average 55 m^2 size flats for around HUF 28 Million, while those selling inherited property sold average 75 m^2 size flats for over HUF 30 Million. On regional level, the age of sellers showed a balanced picture, with only the age group of under 30 being relatively low (5%). Among sellers on regional level, employees represented the biggest group (33%), selling their, more or less, 80 m^2 property for an average HUF 15 Million. The main reason behind the sale was moving into a bigger property (35%), while the sale of inherited property (28%), and moving into a smaller property (27%) was also high.

In Buda, the ratio of flats of 60-80 m^2 size has increased compared to last November (35%), while the ratio of flats of 40-60 m^2 size has decreased by 20 points (24%). The ratio of flats for lower m^2 prices has decreased, while the ratio of flats sold for above HUF 550 thousand/m^2 has increased significantly. On the Pest side, no major changes were detected in comparison with the previous year in means of property size data. The ratio of higher m^2 price categories has, similarly to the Buda side, moved toward higher values. The ratio of price categories of HUF 300-400 thousand exceeded 10% in Pest. On the contrary, it was under 6% on the other side of the Danube.

On regional level (excluding Pest County) the highest ratio of flats fell in to group of 40-60 m^2 (34%), which shows a 3% decline in comparison with last November. On the other hand, the ratio of flats between 120-160 m^2 has increased. The ratio of all price level categories above HUF 150 thousand has risen, the highest number of sold properties (24%) fell in the HUF 150-200 thousand category. In Pest County, the ratio of 80-100 m^2 flats was the highest (21%), while the ratio of flats above 160 m^2 rose by 10% in comparison with November 2016. Although indicating a 4 point decline when compared to the last year, the ratio of flats sold in the HUF 150-200 thousand price category remained the highest in November 2017 (26%).
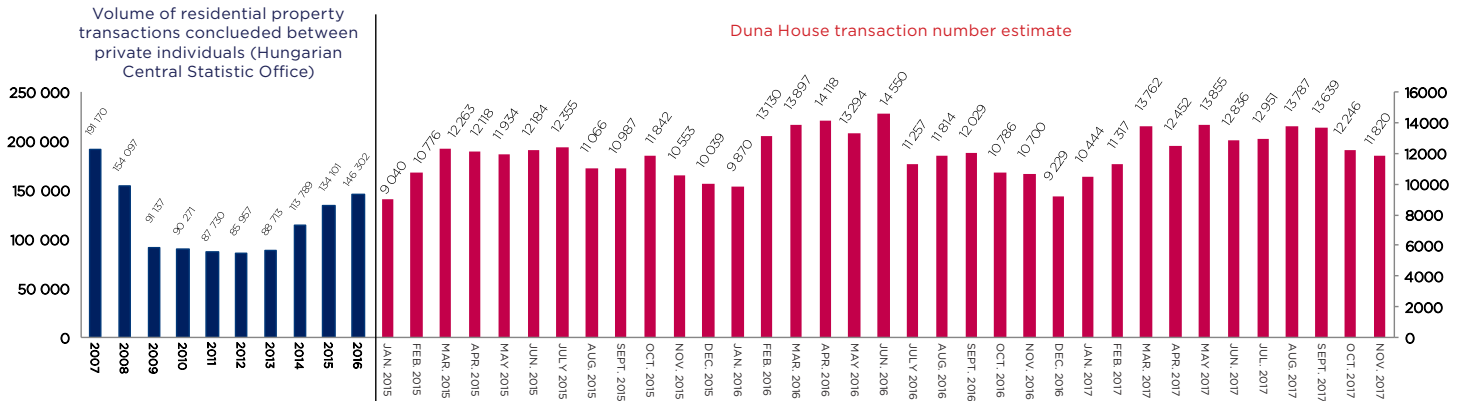
TRANSACTION NUMBER AND DEMANS INDEX

DH-TE (Duna House Transaction Number Estimate)

We are expecting a stronger Q4 in 2017 than in the last period of the previous year. Although the transaction volume is slowly declining in line with seasonality towards the end of the year, a 10.5% growth is detected in comparison with the month of November in 2016. From dynamics aspect, these values are closer to 2015 trends, but on a higher level. This year, and in 2015, the volume of the fallback in Q4 was somewhat lower than in 2016. This year so far, 139 109 transactions have taken place, while last year the same indicator, at the same time showed 135 444.

Volume of residential property transactions concluded between private individuals (Hungarian Central Statistic Office)

Duna House transaction number estimate

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 Demand Index in November decreased by 7%, standing at 74 points at present. Together with the July value, it is the lowest in the current year. Strong seasonality effects characterize the Index, in line with which its value presents a decline towards the end of the year, in 2017 as well.
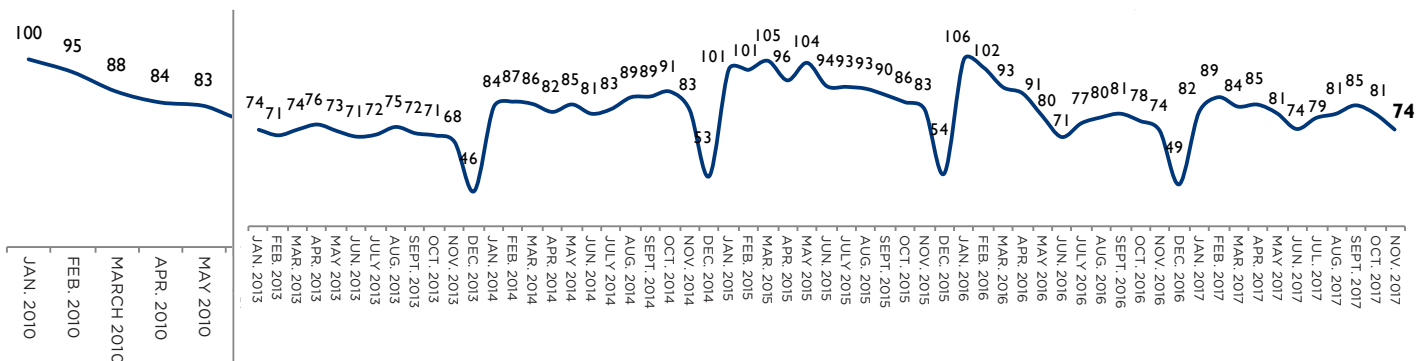
METHODOLOGY BEHIND DEMAND INDEX

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 – NOVEMBER 2017

Panel flats in East-Hungary were sold on lower price in November than during the previous month, for an average HUF 203 thousand square meter price. Somewhat lower prices, around HUF 195 th./m² were seen in the western part of the country, showing a nearly identical picture with the pervious month.

In Budapest, the average m² price of panel flats was HUF 458 in Buda, and HUF 341 in Pest, indicating a price increase on both sides of the Danube. The average price of brick-built flats was HUG 241 in East-Hungary, and HUF 231 in the western part of the country. In Budapest, the average m² price of brick flats increased when compared to October in Pest, stagnated on the Buda side, and somewhat decreased in the Inner City. In exact values, it meant HUF 583 in Buda, HUF 44 in Pest, and HUF 575 in the Inner City in November.

PANEL COUNTRYWIDE			
	Price	m² price	Time need of sale/day
East	11 668 000	208 000	86
West	9 603 000	195 000	83
BRICK COUNTRYWIDE			
East	12 595 000	241 000	88
West	13 146 000	231 000	129

PANEL BUDAPEST			
	Price	m² price	Time need of sale/day
Buda	22 894 444	458 000	58
Pest	18 351 000	341 000	70
BRICK BUDAPEST			
Buda	37 486 000	583 000	96
Pest	25 153 000	444 000	87
Inner City	36 204 000	575 000	136

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

QUALITY PREFERENCE (USED FLATS)

Similarly to the previous period, good quality class flats were the most popular in November again. The class accounted for 50% of purchases in East-Hungary, 48% in Pest County, and also reached 40% in Budapest and West-Hungary. The ratio of lower quality flat purchases was higher than usual in West-Hungary. On the contrary, in Budapest, the ratio of flats for renovation was only around 5% - while in the previous months it was 10%.

	Budapest	Pest County	East-Hungary	West-Hungary
Very good	31%	30%	27%	23%
Good	41%	48%	50%	41%
Habitable	23%	16%	20%	30%
For renovation	5%	7%	3%	7%
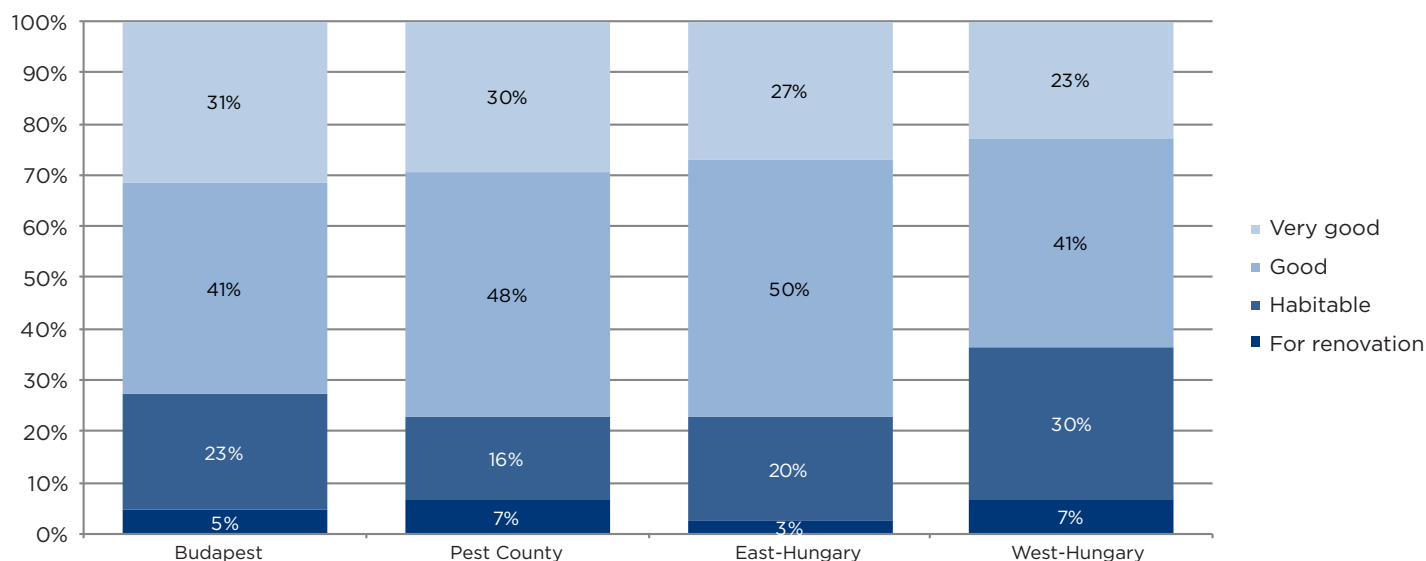
In relation of geographical regions we do not consider the given territory's coverage by Duna House agencies. The analysis is based on properties sold by Duna House network.

INTEREST TOWARD DISTRICTS

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

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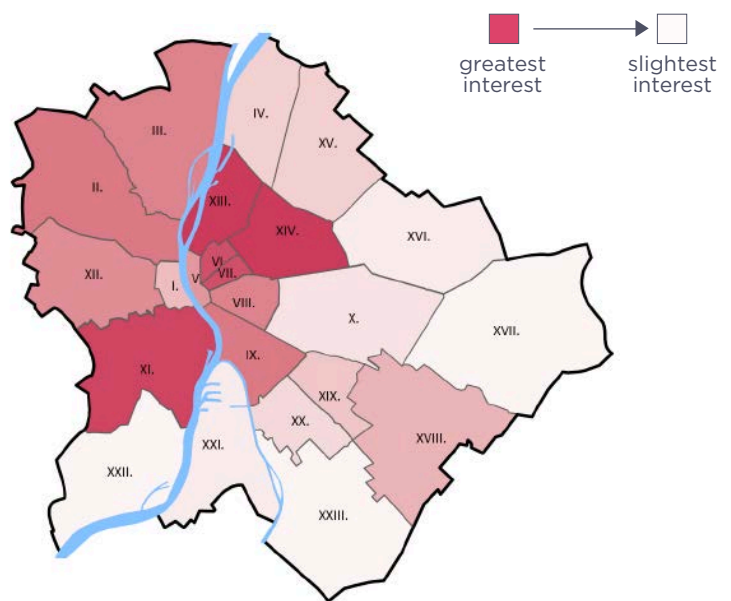
Methodology: Our clients with purchasing aims indicate their preferences of districts (more at the same time) when meeting with our agents. The above preference map is put together based on this information.

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.

District 13 remained the most popular location. Although the interest toward the named location decreased by 2% in November, still 17.2% of potential buyers indicated it as a desired location. The second most popular location is still District 14, with District 11 coming in third in November.

BARGAIN – NOVEMBER 2017

The best bargain position was detected outside Budapest, and in case of family homes (7%), but Budapest and Pest County also presents an average 6% bargain potential for family homes. The lowest bargain potential was seen in case on panel flats (3% in Budapest, and 5% regionally). As far as brick-built flats were concerned, 4% in Budapest, and 5% regionally was shown.

	CHANGE IN LISTING PRICE	BARGAIN
HOUSE		
Budapest	-3%	-6%
Pest county	-2%	-6%
Regional	-2%	-7%
PANEL		
Budapest	-2%	-3%
Regional	-1%	-5%
BRICK		
Budapest	-2%	-4%
Regional	-1%	-5%
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 the sales price of properties sold in the given period within Duna House network.

CLIENT PROFILE: BUYERS

In Budapest, the highest ratio among buyers fell in the age group of 30-40 (34%), while another age group bought the most expensive properties, the group of 40-50, paying HUF 35.8 on average, accounting for a HUF 5 Million higher value than in October. The highest ratio of buyers in Budapest are among employees (33%), paying HUF 21.3 on average for their new property. The ratio of investors in Budapest, in November, was 43%.

AGE BP.

Age		
60-	15%	
50-60	15%	
40-50	22%	
30-40	34%	
20-30	13%	

AGE	AVERAGE PRICE	m²
20-30	29 854 000	68
30-40	32 540 000	76
40-50	35 850 000	75
50-60	23 741 000	59
60-	31 011 000	58

STATUS BP.

Status	
Employee	33%
Entrepreneur	26%
Pensioner	16%
Manager	14%
Top Manager	9%

STATUS	AVERAGE PRICE	m²
Employee	21 262 000	54
Top Manager	56 946 000	91
Manager	24 278 000	58
Pensioner	22 998 000	49
Student	22 799 000	57
Entrepreneur	37 333 000	79

REASON OF PURCHASE BP.

Situation	
Investment	43%
First Home	20%
Moving into bigger	14%
Moving into smaller	11%
Separation of generations	6%
Divorce	3%
Moving together of generations	3%

SITUATION	AVERAGE PRICE	m²
Investment	30 491 000	67
First Home	28 022 000	61
Separation of generations	20 624 000	51
Moving together of generations	47 360 000	80
Moving into smaller	23 709 000	50
Moving into bigger	42 389 000	112
Divorce	41 230 000	76

Similarly to Budapest, the ratio of the age group of 30-40 (33%), and the group of employees (55%) was the highest among buyers on regional level. Also on regional level, the ratio of those moving into a bigger property was two times higher (32%), while the ratio of buyers with investment goal was around half (26%) of the values measured in Budapest. The ratio of those buying their first home was only a few percent behind (21%).

AGE REGIONAL

Age	
60-	11%
50-60	12%
40-50	26%
30-40	33%
20-30	18%

AGE	AVERAGE PRICE	m²
20-30	13 304 000	70
30-40	19 546 000	93
40-50	18 442 000	91
50-60	17 322 000	78
60-	15 011 000	64

STATUS REGIONAL

Status	
Employee	55%
Entrepreneur	19%
Pensioner	12%
Manager	11%
Top Manager	2%

STATUS	AVERAGE PRICE	m²
Employee	14 635 000	80
Top Manager	27 922 000	112
Manager	22 354 000	106
Pensioner	14 051 000	63
Student	20 513 000	61
Entrepreneur	22 783 000	98

REASON OF PURCHASE REGIONAL

Situation	
Moving into bigger	32%
Investment	26%
First Home	21%
Moving into smaller	11%
Separation of generations	5%
Divorce	3%
Moving together of generations	1%

| SITUATION	AVERAGE PRICE	m²
Investment	15 486 000	59
First Home	13 360 000	79
Separation of generations	18 000 000	78
Moving together of generations	20 500 000	123
Moving into smaller	14 527 000	66
Moving into bigger	21 817 000	114
Divorce	13 825 000	55

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

Among sellers in Budapest, the age group of 30-40 (27%), and 40-50 (26%) was represented in nearly the same volume. The highest part of sellers were entrepreneurs (36%). The leading reason behind the sale was moving into a bigger property, next to which the ratio of those selling inherited property was also high (29%) in the capital. Those moving into a bigger property sold average 55 m² size flats for around HUF 28 Million, while those selling inherited property sold average 75 m² size flats for over HUF 30 Million.
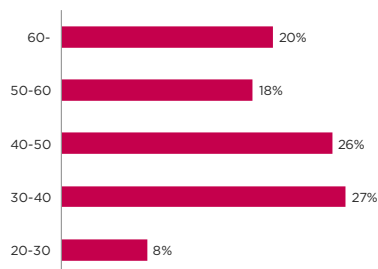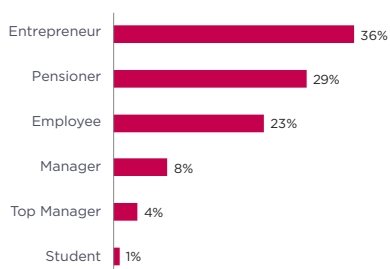
AGE BP.
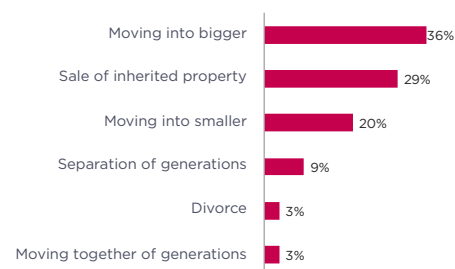
AGE	AVERAGE PRICE	m²
20-30	22 850 000	54
30-40	32 375 000	61
40-50	36 530 000	83
50-60	30 818 000	76
60-	31 729 000	65

STATUS BP.

STATUS	AVERAGE PRICE	m²
Employee	28 946 000	61
Top Manager	53 325 000	80
Manager	33 206 000	91
Pensioner	26 757 000	65
Student	13 250 000	35
Entrepreneur	35 877 000	72

REASON OF SALE BP.

SITUATION	AVERAGE PRICE	m²
Separation of generations	53 588 000	92
Moving together of generations	15 567 000	47
Moving into smaller	44 950 000	121
Moving into bigger	28 160 000	55
Sale of inherited property	33 525 000	75
Divorce	27400000	62

On regional level, the age of sellers showed a balanced picture, with only the age group of under 30 being relatively low (5%). Among sellers on regional level, employees represented the biggest group (33%), selling their, more or less, 80 m² property for an average HUF 15 Million. The main reason behind the sale was moving into a bigger property (35%), while the sale of inherited property (28%), and moving into a smaller property (27%) was also high.
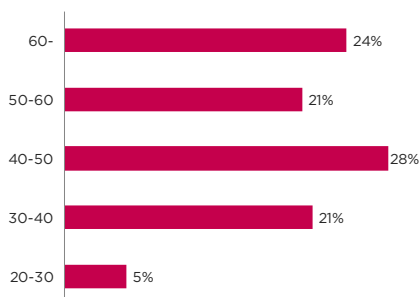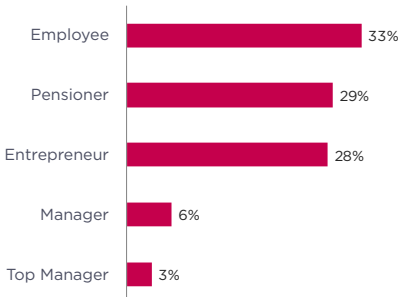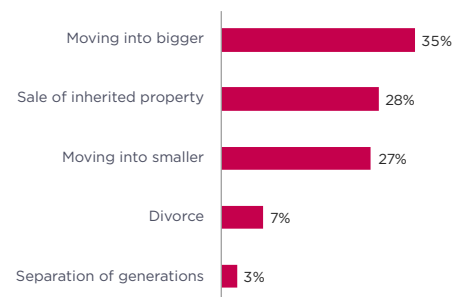
AGE REGIONAL

AGE	AVERAGE PRICE	m²
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 REGIONAL

STATUS	AVERAGE PRICE	m²
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

REASON OF SALE REGIONAL

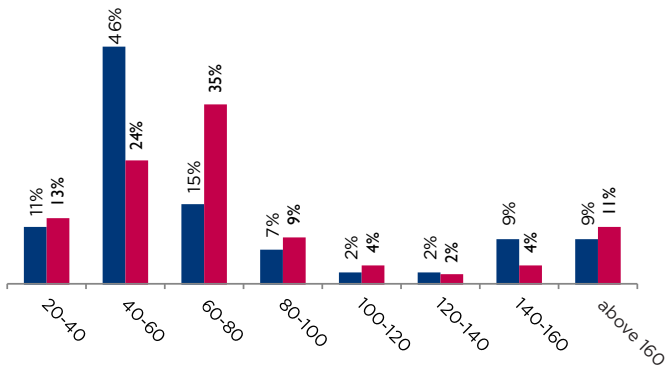| SITUATION	AVERAGE PRICE	m²
Separation of generations	26 308 000	118
Moving together of generations	11 195 000	64
Moving into smaller	19 366 000	117
Moving into bigger	13 459 000	64
Sale of inherited property	11 616 000	83
Divorce	25 377 000	115

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

TRANSACTION PARAMETERS — BUDAPEST

In Buda, the ratio of flats of 60-80 m² size has increased compared to last November (35%), while the ratio of flats of 40-60 m² size has decreased by 20 points (24%). The ratio of flats for lower m² prices has decreased, while the ratio of flats sold for above HUF 550 thousand/m² has increased significantly. On the Pest side, no major changes were detected in comparison with the previous year in means of property size data. The ratio of higher m² price categories has, similarly to the Buda side, moved toward higher values. The ratio of price categories of HUF 300-400 thousand exceeded 10% in Pest. On the contrary, it was under 6% on the other side of the Danube.
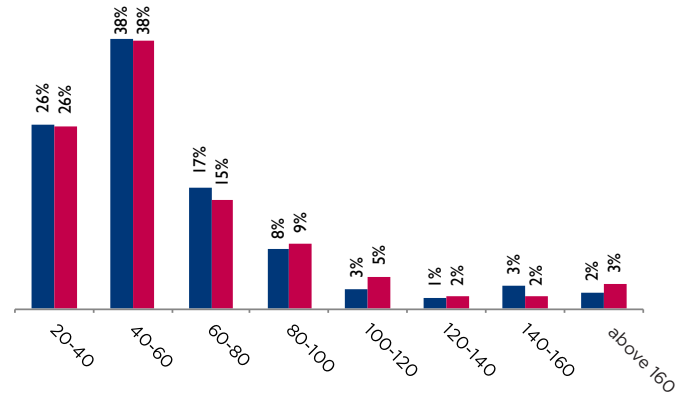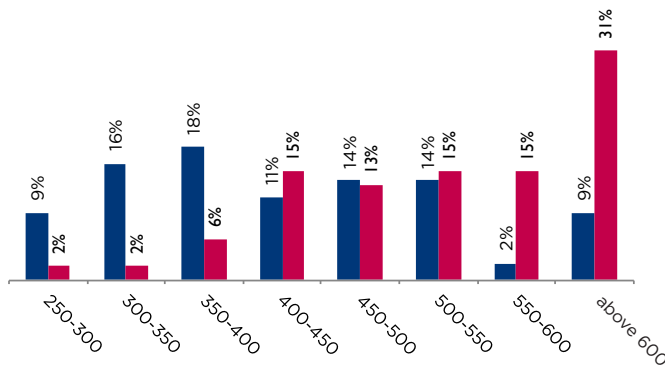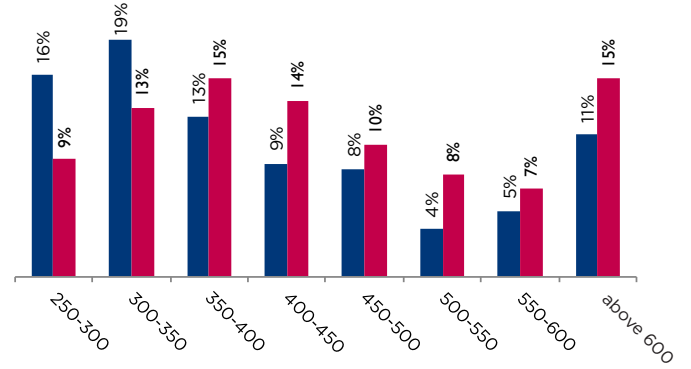
BUDA

Size (m²)

Category	November 2016	November 2017
20-40	11%	13%
40-60	46%	24%
60-80	15%	35%
80-100	7%	9%
100-120	2%	4%
120-140	2%	2%
140-160	9%	4%
above 160	9%	11%

m² price (HUF thousand)

Category	November 2016	November 2017
250-300	9%	2%
300-350	16%	2%
350-400	18%	6%
400-450	11%	15%
450-500	14%	13%
500-550	14%	15%
550-600	2%	15%
above 600	9%	31%

Price (HUF million)

Category	November 2016	November 2017
10-15 M	7%	2%
15-20 M	30%	9%
20-25M	14%	15%
25-30M	18%	17%
30-35M	2%	9%
35-40M	7%	6%
above 40M	23%	43%

PEST

Size (m²)

Category	November 2016	November 2017
20-40	26%	26%
40-60	38%	38%
60-80	17%	15%
80-100	8%	9%
100-120	3%	5%
120-140	1%	2%
140-160	3%	2%
above 160	2%	3%

m² price (HUF thousand)

Category	November 2016	November 2017
250-300	16%	9%
300-350	19%	13%
350-400	13%	15%
400-450	9%	14%
450-500	8%	10%
500-550	4%	8%
550-600	5%	7%
above 600	11%	15%

Price (HUF million)

Category	November 2016	November 2017
5-10 M	6%	3%
10-15 M	25%	14%
15-20 M	28%	26%
20-25M	12%	17%
25-30M	10%	11%
30-35M	5%	6%
35-40M	4%	7%
above 40M	10%	15%

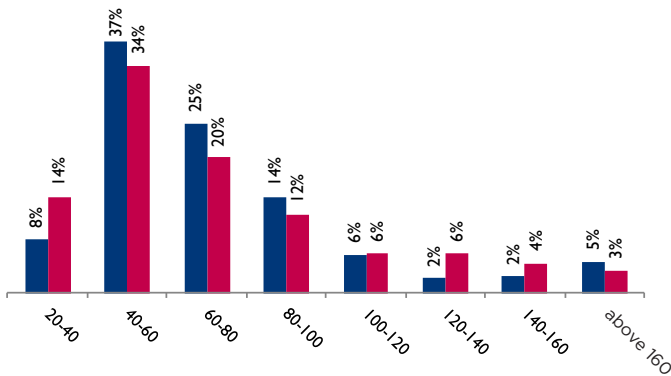- ■ November 2016
- ■ November 2017

Based on properties sold by the Duna House Franchise network.

TRANSACTION PARAMETERS — REGIONAL

On regional level (excluding Pest County) the highest ratio of flats fell in to group of 40-60 m² (34%), which shows a 3% decline in comparison with last November. On the other hand, the ratio of flats between 120-160 m² has increased. The ratio of all price level categories above HUF 150 thousand has risen, the highest number of sold properties (24%) fell in the HUF 150-200 thousand category. In Pest County, the ratio of 80-100 m² flats was the highest (21%), while the ratio of flats above 160 m² rose by 10% in comparison with November 2016. Although indicating a 4 point decline when compared to the last year, the ratio of flats sold in the HUF 150-200 thousand price category remained the highest in November 2017 (26%).
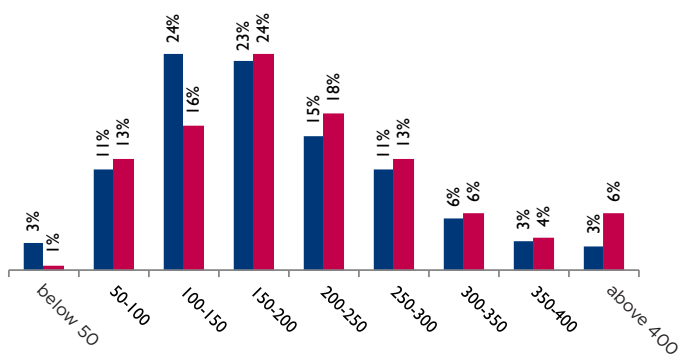
COUNTRYWIDE (EXCLUDING CENTRAL HUNGARY)

Size (m²)

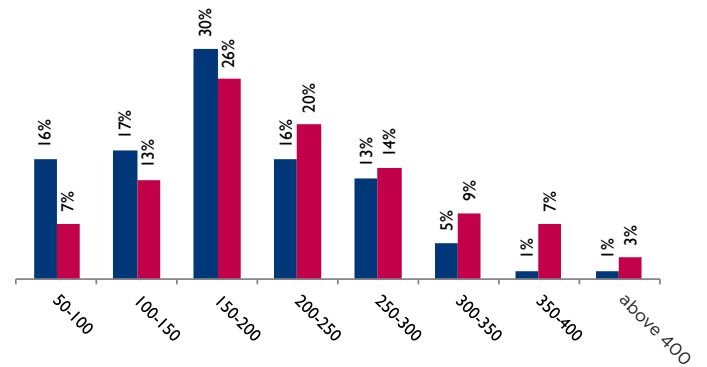### m² price (HUF thousand)

Price (HUF million)

PEST COUNTY

Size (m²)
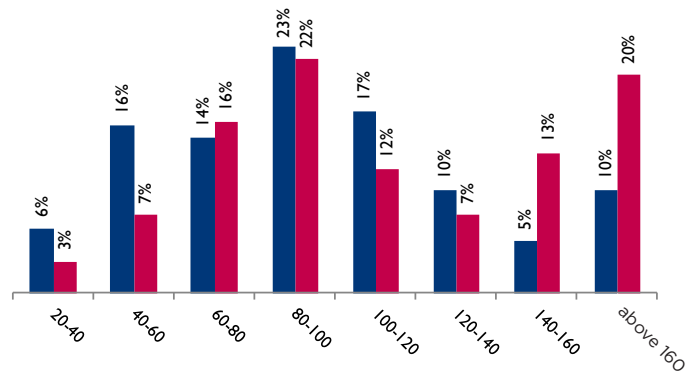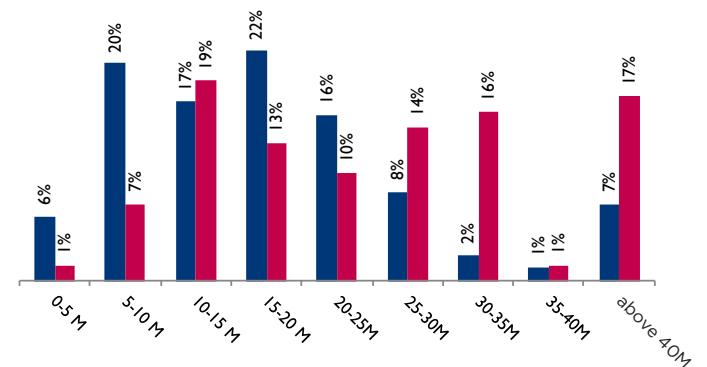

m² price (HUF thousand)
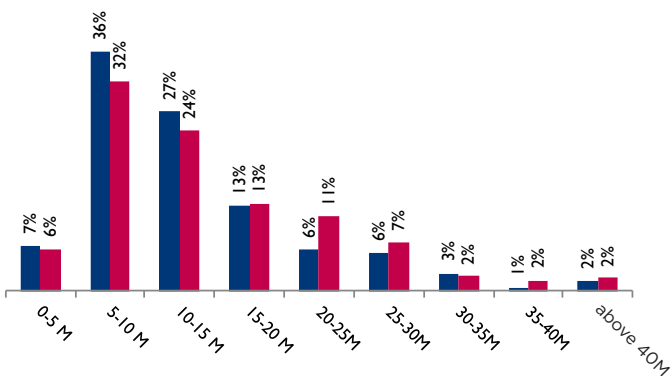
Price (HUF million)

■ November 2016
■ November 2017

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