

DUNA HOUSE BAROMETER

67. issue

January 2017



DHS
BÉT
**PRIME
MARKET**
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the Budapest Stock Exchange

THE LATEST PROPERTY MARKET INFO
FROM DUNA HOUSE NETWORK

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FORTHCOMING ISSUES

Date of issue	Content
2017. March 8.	2017. February data
2017. April 10.	2017. Data of Q1 (including price indexes)
2017. May 8.	2017. April data
2017. June 8.	2017. May 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.

EXECUTIVE SUMMARY



The first month of 2017, in comparison with the same period of the previous year, shows a 3% decline. On seasonality side, January tends to be a weak month on the property market, with slightly above 9 thousand transactions shown at the beginning of the strongest year, 2015. The weakest year of recent times has been 2013, when the Hungarian Central Statistical Office (KSH) measured a volume as low as 83 600 in sale and purchase transactions. Duna House estimated 5 400 transaction for January of the same year, which is only 62% of this year's data. Forthcoming months of the year, based on seasonality observations, tend to bring stronger turnovers, with February generally exceeding the first month by 20-30%.

In line with the seasonal expectations, the Demand Index has popped up following month December. Although the 82-percentage value is stronger than any month of the second half of last year, it is still below the January data from the previous three years. The same index showed 84 points in 2014, followed by 101 in 2015, and ended up at 106 last year.

In January, panel flats were bought on similar prices in the two parts of Hungary: for HUF 189 thousand in the Eastern part, and HUF 184 thousand in the Western part for 1 square meter. In the Pest side of the capital is showed HUF 318 thousand, while in Buda HUF 325 thousand. The ranks remained the same in case of brick built flats as well, with average m² prices reaching HUF 252 in the Eastern part, HUF 247 thousand in the West, HUF 390 thousand in Pest, HUF 514 thousand in Inner City Budapest, and HUF 530 thousand in Buda. The average purchase price in the latter category was above HUF 33.5 Million in Buda, and below HUF 14.2 Million in East-Hungary.

The greatest interest has been measured towards Districts 13 and 14 in the first month of the year again. 18-19% of those planning to buy property most likely indicate these areas as a target location. Districts 6 and 7 are just slightly behind, just as well as District 11 in Buda, indicated by 15-16% of potential buyers. Southern locations were the less popular accounting for only about 2-4% of interest.

In January, buyers have been able to achieve 6% bargain on family homes in Budapest, and around 9% outside Budapest. Panel flats show lower bargain options, around 4% countrywide. As far as brick built flats are concerned, in Budapest the average bargain was around 4%, while regionally even below panel flats, reaching only 3%.

42% of buyers in Budapest indicated investment as the reason for the purchase. They bought flats of around 56 m², for an average HUF 25.6 Million. One in every four buyers purchased their first home, spending HUF 21.7 Million on average. 14% of the buyers acquired a bigger property, buying homes of around 92 m². Regionally, the volume of investors, first home buyers and those moving into a bigger flat has nearly been the same, and altogether accounted for 84% of buyers. The difference can be detected in buyers' need, whit investors purchasing 59 m² flats for HUF 13 Million on average, next to the first home buyers getting 67 m² flats on average HUF 11.1 Million prices, and those moving into bigger property paying for 112 m² flats an average sum of HUF 20.3 Million.

In Budapest, 40% of sellers indicated moving into a bigger flat as the reason for sale. They generally sold their 62 m² flats on an average HUF 29 Million price level. 23% of sellers are planning to move into a smaller flat, trying to sell 106 m² properties on average. 16% of sellers sold inherited property for an average price of HUF 19.6 Million.

A significant part of sellers outside Budapest (36%) is also looking for a bigger property. They sold their 64 m² flats for HUF 12.4 Million on average. 27% of the property was sold as inherited for around HUF 10 Million. One in five sellers is planning to move into a smaller flat, selling 128 m² properties for nearly HUF 29 Million.

When comparing the parameters of closed transactions from this January with the same period pf the previous year **outside Budapest, price increase is clearly visible.** By looking at only the upper price levels, above HUF 300 thousand/m², a growth from 4% to 13% is detected. The same value in Pest County grew from 5% to 11%. **Budapest also shows signs of price increase.** While in January 2016, in Buda 15% of closed residential property transactions took place in the price level of above HUF 550 thousand/m², the same ration accounted for 28% this January. On the Pest side, the ratio has risen from 8 to 13%. When comparing the two given periods in Buda, the HUF 15-20 Million range remained the same, i.e. 28%, but the most expensive level, the one above HUF 40 Million increased from 10 to 24%.

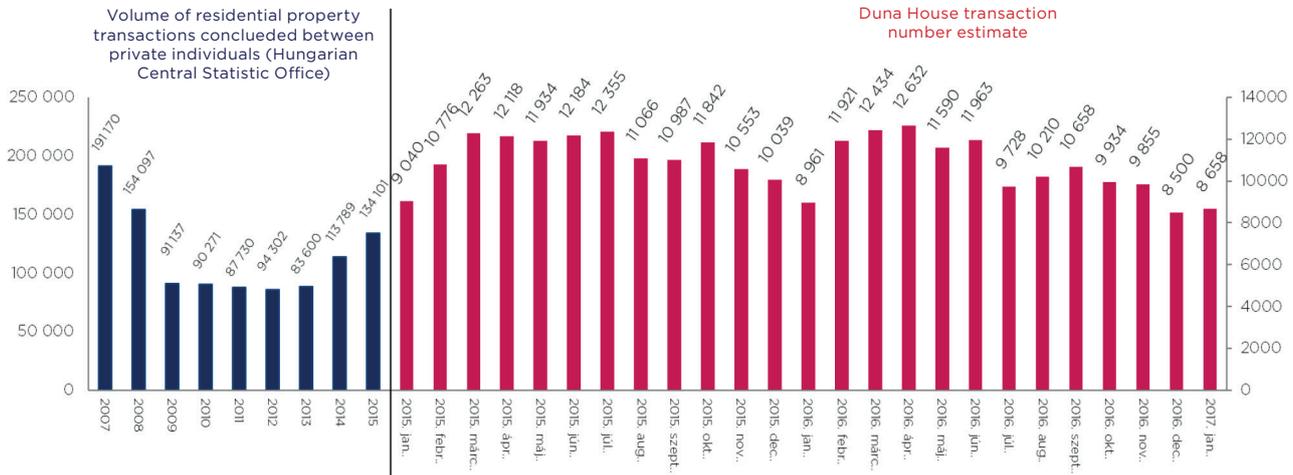
Further information

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TRANSACTION NUMBER AND DEMANDS INDEX

DH-TE (Duna House Transaction Number Estimate)

The first month of 2017, in comparison with the same period of the previous year, shows a 3% decline. On seasonality side, January tends to be a weak month on the property market, with slightly above 9 thousand transactions shown at the beginning of the strongest year, 2015. The weakest year of recent times has been 2013, when the Hungarian Central Statistical Office (KSH) measured a volume as low as 83 600 in sale and purchase transactions. Duna House estimated 5 400 transaction for January of the same year, which is only 62% of this year's data. Forthcoming months of the year, based on seasonality observations, tend to bring stronger turnovers, with February generally exceeding the first month by 20-30%.



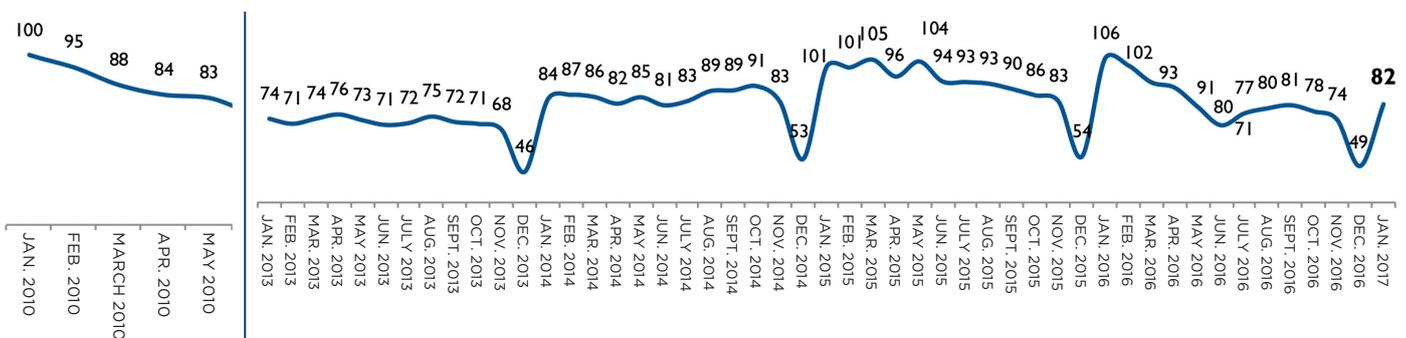
METHODOLOGY BEHIND DH-TE

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

In line with the seasonal expectations, the Demand Index has popped up following month December. Although the 82-percentage value is stronger than any month of the second half of last year, it is still below the January data from the previous three years. The same index showed 84 points in 2014, followed by 101 in 2015, and ended up at 106 ast year.



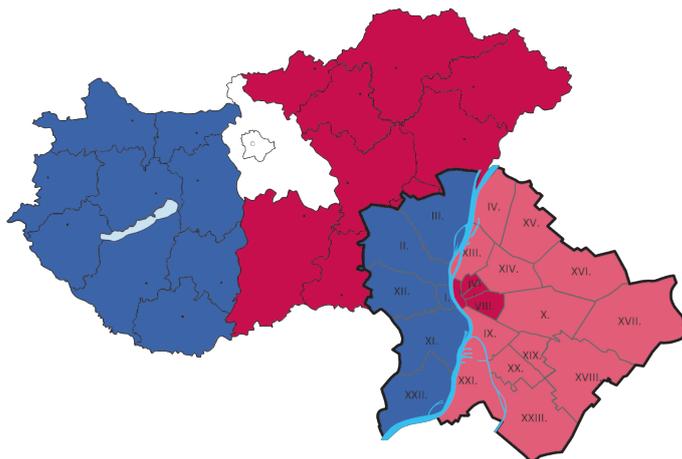
METHODOLOGY BEHIND DEMAND INDEX

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 DATA - JANUARY 2017

In January, panel flats were bought on similar prices in the two parts of Hungary: for HUF 189 thousand in the Eastern part, and HUF 184 thousand in the Western part for 1 square meter. In the Pest side of the capital is showed HUF 318 thousand, while in Buda HUF 325 thousand.

The ranks remained the same in case of brick built flats as well, with average m² prices reaching HUF 252 in the Eastern part, HUF 247 thousand in the West, HUF 390 thousand in Pest, HUF 514 thousand in Inner City Budapest, and HUF 530 thousand in Buda. The average purchase price in the latter category was above HUF 33.5 Million in Buda, and below HUF 14.2 Million in East-Hungary.



PANEL COUNTRYWIDE			
	price	m ² price	Time need of sale/day
East	9 738 000	189 000	91
West	9 420 000	184 000	86

PANEL BUDAPEST			
	price	m ² price	Time need of sale/day
Buda	18 041 000	325 000	86
Pest	16 047 000	318 000	108

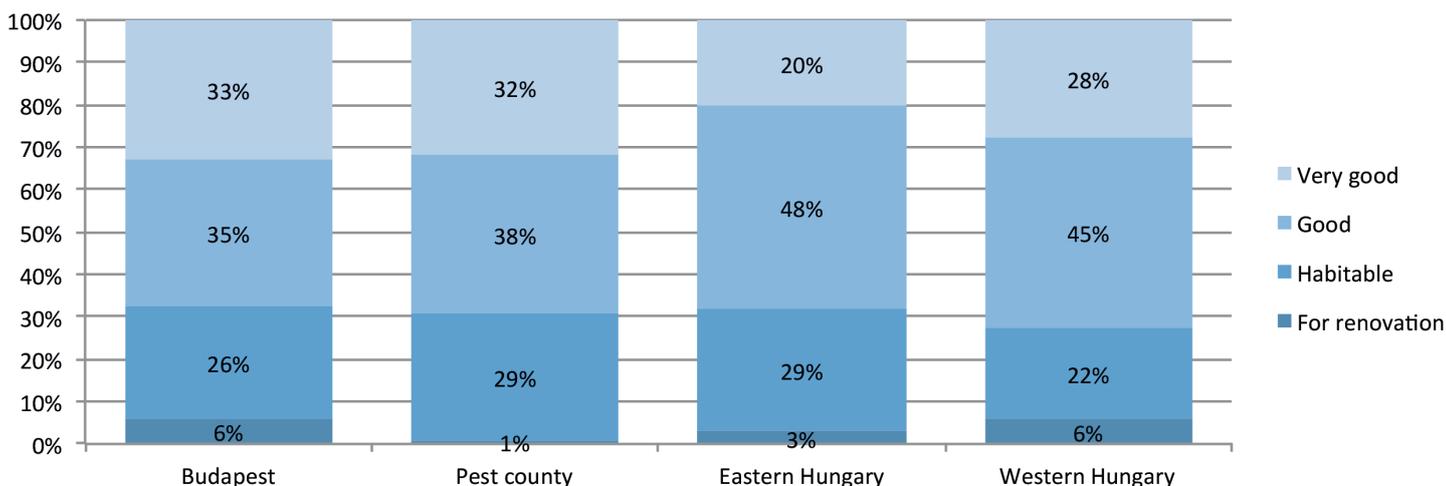
BRICK COUNTRYWIDE			
	price	m ² price	Time need of sale/day
East	14 172 000	252 000	132
West	16 753 000	247 000	154

BRICK BUDAPEST			
	price	m ² price	Time need of sale/day
Buda	33 528 000	530 000	185
Pest	19 577 000	390 000	183
Inner City	30 347 000	514 000	105

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

QUALITY PREFERENCE (USED FLATS)

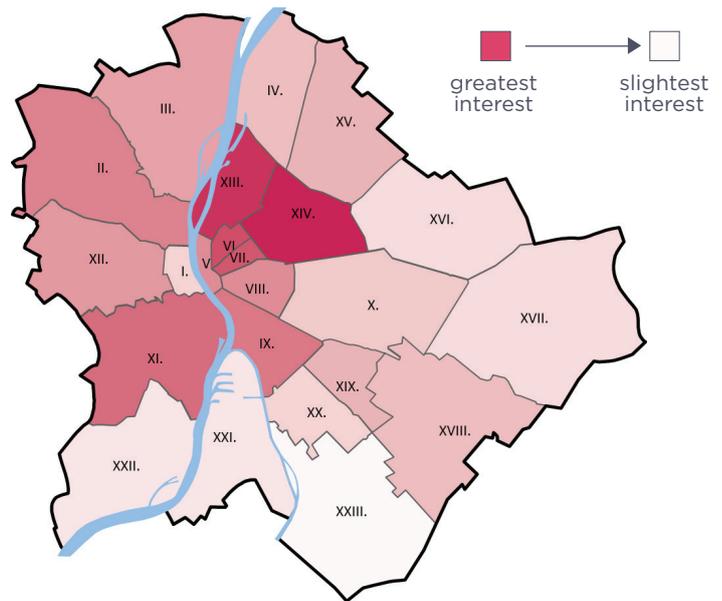
Buyers in Pest County were the least interested in the “for renovation” category, accounting for only around 1% of all transactions. In Budapest, it reached 6%. The most popular quality category in Central-Hungary was top quality. The same category was less favored in other areas, with one in every four transactions in the West, and 18% in the East.



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 DISTRICTS

DISTRICT	DEC. 2016	JAN. 2017
Budapest 01.	6,7%	7,5%
Budapest 02.	12,8%	13,0%
Budapest 03.	11,8%	10,5%
Budapest 04.	7,4%	9,5%
Budapest 05.	12,5%	10,5%
Budapest 06.	17,0%	14,7%
Budapest 07.	16,4%	15,1%
Budapest 08.	12,2%	11,1%
Budapest 09.	13,0%	12,9%
Budapest 10.	7,3%	8,3%
Budapest 11.	16,0%	15,8%
Budapest 12.	9,8%	10,1%
Budapest 13.	18,8%	18,8%
Budapest 14.	17,6%	18,1%
Budapest 15.	8,8%	9,5%
Budapest 16.	5,6%	5,8%
Budapest 17.	5,5%	5,8%
Budapest 18.	6,5%	9,0%
Budapest 19.	6,3%	8,7%
Budapest 20.	5,6%	6,3%
Budapest 21.	3,9%	4,1%
Budapest 22.	4,2%	4,0%
Budapest 23.	1,9%	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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The greatest interest has been measured towards Districts 13 and 14 in the first month of the year again. 18-19% of those planning to buy property most likely indicate these areas as a target location. Districts 6 and 7 are just slightly behind, just as well as District 11 in Buda, indicated by 15-16% of potential buyers. Southern locations were the less popular accounting for only about 2-4% of interest.

BARGAIN – JANUARY, 2017

In January, buyers have been able to achieve 6% bargain on family homes in Budapest, and around 9% outside Budapest. Panel flats show lower bargain options, around 4% countrywide. As far as brick built flats are concerned, in Budapest the average bargain was around 4%, while regionally even below panel flats, reaching only 3%.

	CHANGE IN THE LISTING PRICE	BARGAIN
FAMILY HOME		
Budapest	-3%	-6%
Pest county	-4%	-8%
Regional	-3%	-9%
PANEL		
Budapest	-2%	-4%
Regional	-1%	-4%
BRICK		
Budapest	-4%	-4%
Regional	-1%	-3%
TOTAL		
Budapest	-3%	-4%
Regional	-2%	-5%

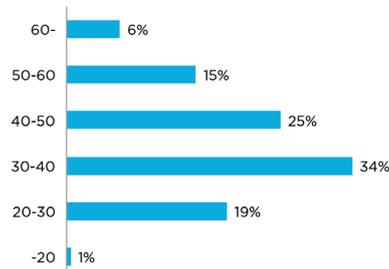
Methodology: Change in the listing price is the difference between the first price indicated by the seller and the last registered price at the time of the appearance of the buyer. Bargain shows additional changes in the price agreed upon by the seller and buyer. The two indicators together give a good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

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

CLIENT PROFILE: BUYERS

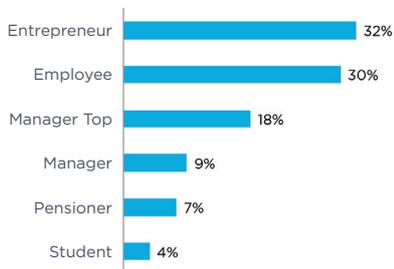
42% of buyers in Budapest indicated investment as the reason for the purchase. They bought flats of around 56 m², for an average HUF 25.6 Million. One in every four buyers purchased their first home, spending HUF 21.7 Million on average. 14% of the buyers acquired a bigger property, buying homes of around 92 m².

AGE BP.



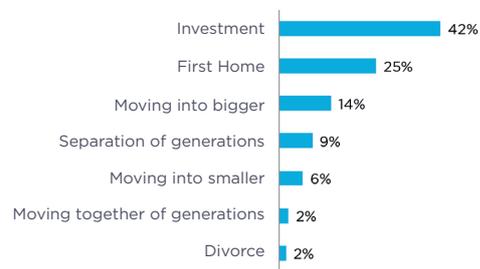
AGE	AVERAGE PRICE	m ²
20-30	19 160 000	50
30-40	23 372 000	62
40-50	28 784 000	65
50-60	29 637 000	79
60-	22 550 000	61

STATUS BP.



STATUS	AVERAGE PRICE	m ²
Student	20 250 000	54
Pensioner	35 880 000	96
Manager Top	33 225 000	66
Manager	24 277 000	61
Employee	19 284 000	53
Entrepreneur	27 591 000	66

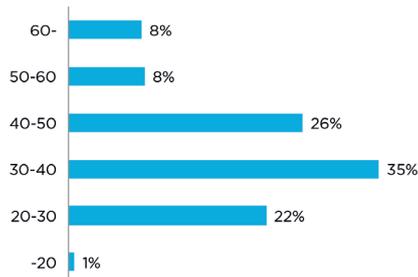
REASON OF PURCHASE BP.



SITUATION	AVERAGE PRICE	m ²
Divorce	22 417 000	56
Moving together of generations	27 975 000	145
Moving into smaller	20 430 000	50
Separation of generations	18 029 000	45
Moving into bigger	30 205 000	92
First Home	21 654 000	58
Investment	25 573 000	56

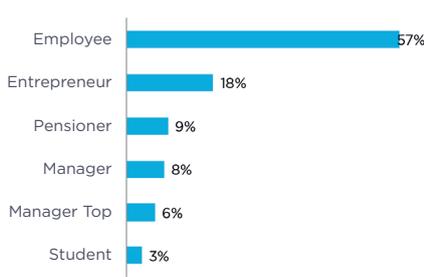
Regionally, the volume of investors, first home buyers and those moving into a bigger flat has nearly been the same, and altogether accounted for 84% of buyers. The difference can be detected in buyers' need, with investors purchasing 59 m² flats for HUF 13 Million on average, next to the first home buyers getting 67 m² flats on average HUF 11.1 Million prices, and those moving into bigger property paying for 112 m² flats an average sum of HUF 20.3 Million.

AGE REGIONAL



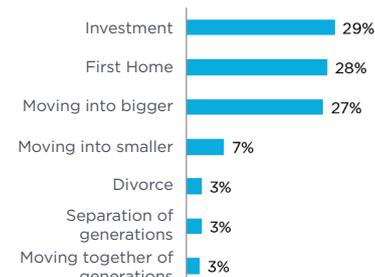
AGE	AVERAGE PRICE	m ²
-20	17 495 000	48
20-30	12 526 000	72
30-40	15 192 000	83
40-50	16 488 000	81
50-60	15 371 000	83

STATUS REGIONAL



STATUS	AVERAGE PRICE	m ²
Student	14 774 000	61
Manager Top	26 034 000	118
Manager	18 837 000	91
Pensioner	13 607 000	81
Entrepreneur	16 747 000	76
Employee	13 122 000	77

REASON OF PURCHASE REGIONAL



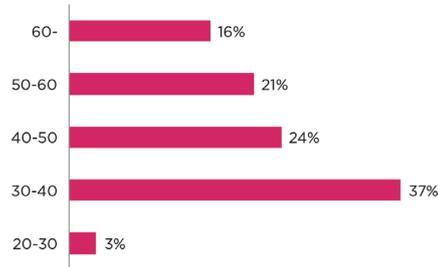
SITUATION	AVERAGE PRICE	m ²
Moving together of generations	21 808 000	125
Separation of generations	11 502 000	59
Divorce	14 675 000	73
Moving into smaller	13 040 000	70
Moving into bigger	20 292 000	112
First Home	11 084 000	67
Befektetés	13 002 000	59

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.

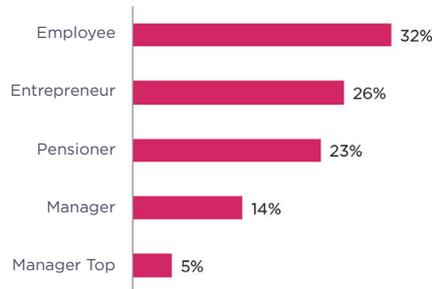
CLIENT PROFILE: SELLERS

In Budapest, 40% of sellers indicated moving into a bigger flat as the reason for sale. They generally sold their 62 m² flats on an average HUF 29 Million price level. 23% of sellers are planning to move into a smaller flat, trying to sell 106 m² properties on average. 16% of sellers sold inherited property for an average price of HUF 19.6 Million.

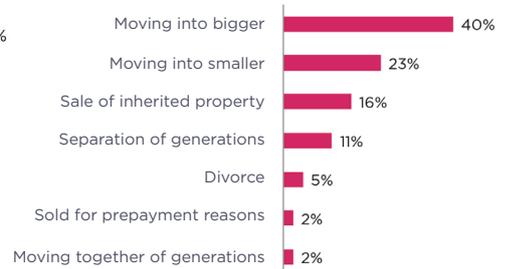
AGE BP.



STATUS BP.



REASON OF SALE BP.



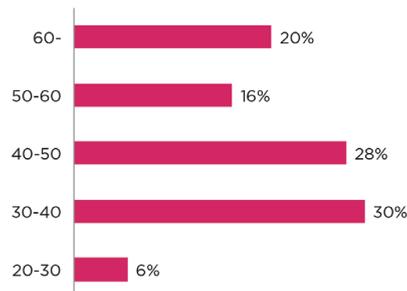
AGE	AVERAGE PRICE	m ²
20-30	18 200 000	36
30-40	21 559 000	57
40-50	24 487 000	62
50-60	26 885 000	75
60-	31 654 000	76

STATUS	AVERAGE PRICE	m ²
Manager Top	65 520 000	141
Manager	24 758 000	65
Pensioner	32 084 000	88
Entrepreneur	26 969 000	69
Employee	18 228 000	57

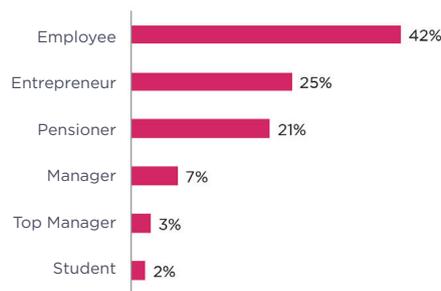
SITUATION	AVERAGE PRICE	m ²
Moving together of generations	23 750 000	71
Sold for prepayment reasons	15 900 000	56
Divorce	24 675 000	62
Separation of generations	29 060 000	88
Sale of inherited property	19 629 000	60
Moving into smaller	37 463 000	106
Moving into bigger	28 935 000	62

A significant part of sellers outside Budapest (36%) is also looking for a bigger property. They sold their 64 m² flats for HUF 12.4 Million on average. 27% of the property was sold as inherited for around HUF 10 Million. One in five sellers is planning to move into a smaller flat, selling 128 m² properties for nearly HUF 29 Million.

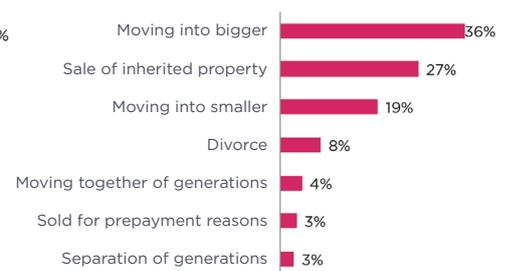
AGE REGIONAL



STATUS REGIONAL



REASON OF SALE REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	9 792 000	65
30-40	14 683 000	75
40-50	16 330 000	88
50-60	14 403 000	81
60-	14 548 000	85

STATUS	AVERAGE PRICE	m ²
Student	15 483 000	67
Top Manager	14 753 000	71
Manager	12 611 000	86
Pensioner	14 394 000	85
Entrepreneur	21 577 000	92
Employee	12 235 000	74

SITUATION	AVERAGE PRICE	m ²
Separation of generations	14 028 000	96
Sold for prepayment reasons	10 817 000	73
Moving together of generations	11 019 000	69
Divorce	18 028 000	101
Moving into smaller	21 899 000	128
Sale of inherited property	10 070 000	71
Moving into bigger	12 352 000	64

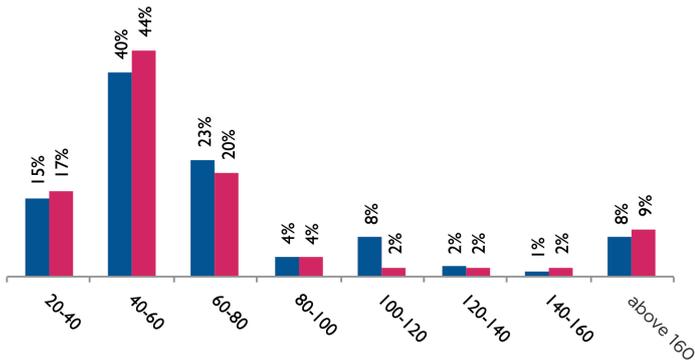
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TRANSACTION PARAMETERS— BUDAPEST

Budapest also shows signs of price increase. While in January 2016, in Buda 15% of closed residential property transactions took place in the price level of above HUF 550 thousand/m², the same ratio accounted for 28% this January. On the Pest side, the ratio has risen from 8 to 13%. When comparing the two given periods in Buda, the HUF 15-20 Million range remained the same, i.e. 28%, but the most expensive level, the one above HUF 40 Million increased from 10 to 24%.

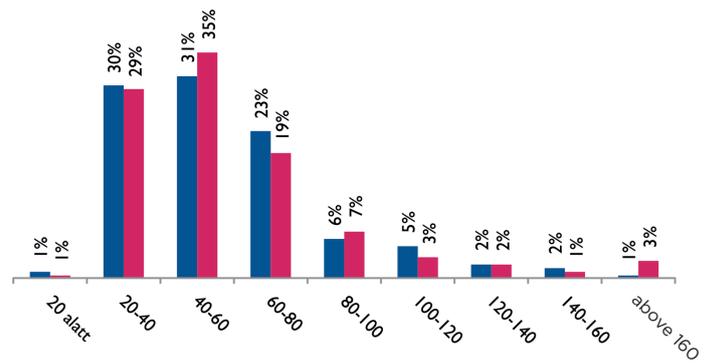
BUDA

Size (m²)

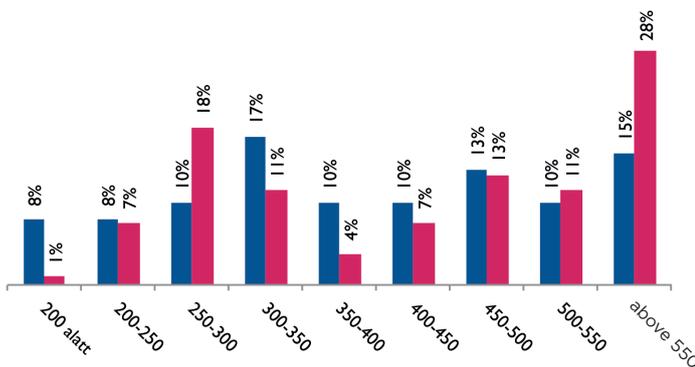


PEST

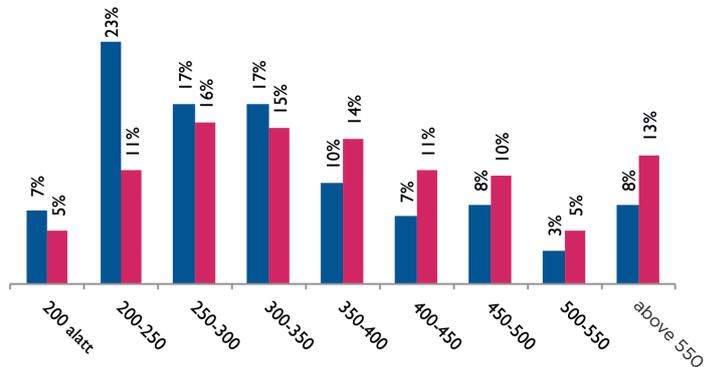
Size (m²)



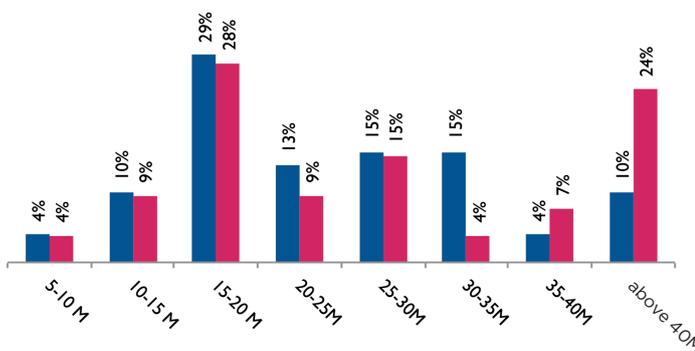
m² price (HUF thousand)



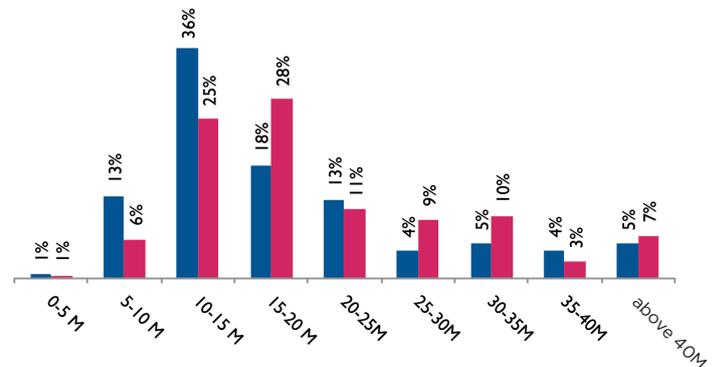
m² price (HUF thousand)



Price (HUF million)



Price (HUF million)



■ January 2016
■ January 2017

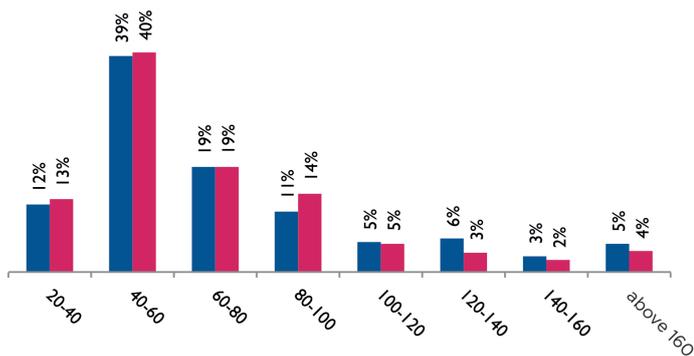
Based on property sold by Duna House Franchise network.

TRANSACTION PARAMETERS – REGIONAL

When comparing the parameters of closed transactions from this January with the same period of the previous year outside Budapest, price increase is clearly visible. By looking at only the upper price levels, above HUF 300 thousand/m², a growth from 4% to 13% is detected. The same value in Pest County grew from 5% to 11%.

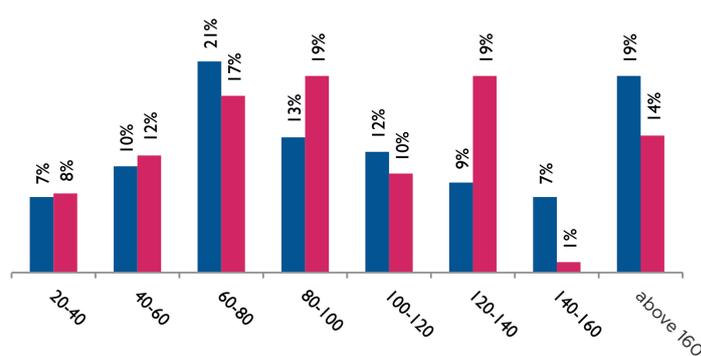
NATIONAL (EXCLUDING CENTRAL HUNGARY)

Size (m²)

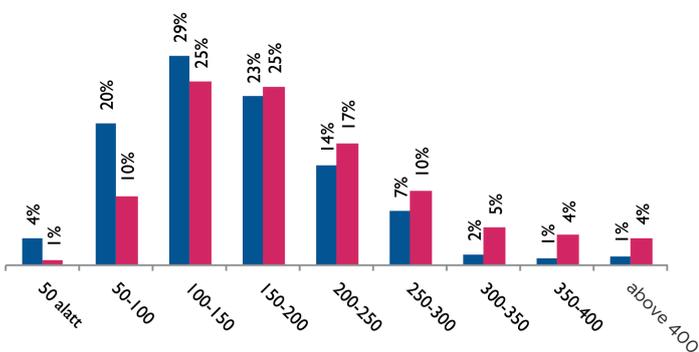


PEST COUNTY

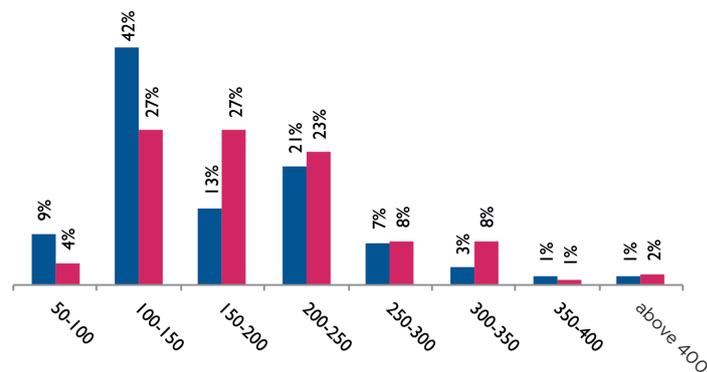
Size (m²)



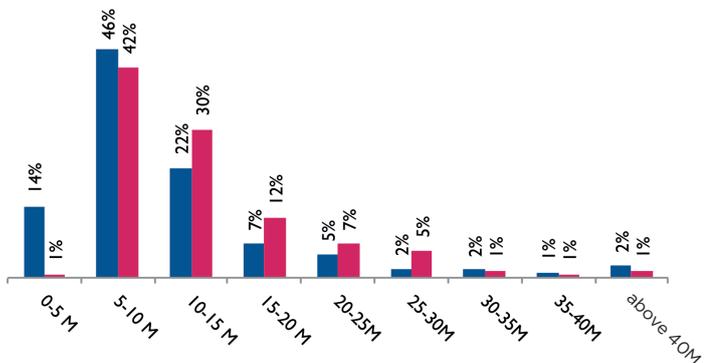
m² price (HUF thousand)



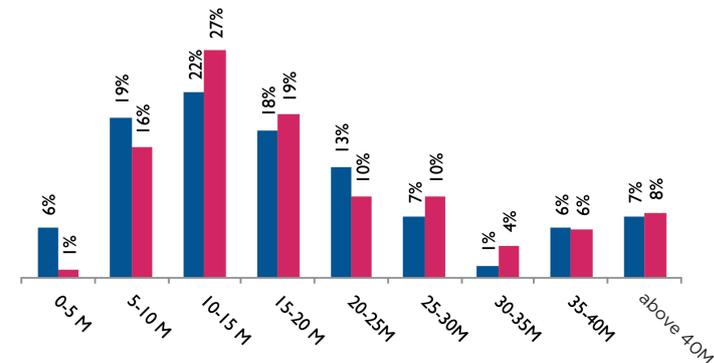
m² price (HUF thousand)



Price (HUF million)



Price (HUF million)



■ January 2016
■ January 2017

Based on property sold by Duna House Franchise network.

MINIMIZE YOUR RISK, GET DETAILED MARKET INFORMATION ON YOUR PLANNED DEVELOPMENT



Duna House Department of Analysis offers the following services:

- Competitor assessment by locations
- Apartment mix proposal
- Indication of achievable price levels
- Introduction of demand and supply side factors
- Positioning of the development
- Solutions for other project specific needs, etc.

For consultation, or complete analysis packages do not hesitate to contact us!

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