

DUNA HOUSE BAROMETER

68. issue

February 2017



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FORTHCOMING ISSUES

Date of issue	Content
2017. April 10.	2017. Data of Q1 (including price indexes)
2017. May 8.	2017. April data
2017. June 8.	2017. May data
July 10, 2017.	2017. IQI-II. Data (including price indexes)

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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



Property market turnover has, in accordance with seasonal trends, increased compared to the previous month. This has been a moderate growth, showing 8% only, which is behind last year's data. In the same period of last year, turnover has presented a one third growth (as per Duna House estimate) to 12 thousand, while two years ago, it jumped 20% and ended up at 11 thousand. Earlier years had been much weaker, with 2013 being the lowest, in comparison to which this year's volume is 1.5 higher. According to the estimate, around 18 thousand properties have had new owners so far this year, which is behind the first two months of the strongest year of the after-crisis era, 2015, when the turnover nearly reached 20 thousand. Demand Index has reached 89 points, which is well behind last year's 102 points—a value entering a steady decline following the high score, resulting in the fact that the Index has not been this high since last April's 91 points.

In February the difference between the two parts of the country increased in relation of panel flats. The given type was sold for HUF 174 thousand/m² in East-, and HUF 197 thousand/m² in West Hungary. In Pest the average was HUF 317 thousand, while in Buda HUF 354 thousand on average. Prices of brick built flats showed the opposite tendency regionally, with average m² prices of HUF 221 thousand in the Western, and HUF 230 thousand in the Eastern part of the country. In Budapest, Inner city areas presented HUF 655 thousand, Buda HUF 626.000 and Pest 367.000 per square meter average prices. As far as sales prices are concerned, there is an enormous difference between the capital and the rest of the country, with Buda side of the former showing the highest value of HUF 49 million, and East Hungary the lowest of HUF 11.5 Million on average.

Proportion of customers buying flats for renovation has significantly grown in Budapest, and also in a volume to be noted regionally—which at the same time resulted in the decrease of those buying flats in habitable condition. Great part of buyers, i.e. 40%, are acquiring flats in good condition, but in Budapest the ratio of those purchasing flats in very good condition is above 30%.

In February, bargain volumes in case of family houses were around 8% both in Budapest and regionally. Bargain levels for flats remained nearly the same, with an average 3-4% possibility to lower the prices countrywide.

Highest interest was shown towards District 14. (over 18% of buyers), but Districts 13. and 11. also stand out. Demand growth is seen towards outer districts, as well as District 8., where there has been a 1.3% growth compared to the first month of the year.

Demand on the Buda side of the capital has dropped, while the greatest volume of decline was detected in District 15 (-2%), with 8% of buyers indicating it still as a target location.

Lowest-price flats in Budapest, HUF 18-19 Million, are generally bought by young people under 30. On the contrary, middle-aged buyers prefer properties of around HUF 30 Million. Proportion of buyers with investment purposes shows the highest ratio among all buyers (42%), acquiring flats of around 65 m². On regional level, the majority of buyers is moving into a bigger property, thus the average sizes there are relatively high, exceeding 100 m².

In Budapest, mainly entrepreneurs, employees and pensioners are selling their flats. 46% of sellers here are planning to move into a bigger property, selling 57 m² flats on average. On regional level, the groups of both those moving into bigger property and those selling inherited property stands out. This means the sale of properties of sizes around 64 and 76 m².

In comparison to data from last February, the proportion of bigger m² size flats in Budapest has increased. 45% of flats in Buda fell in the category above HUF 550 thousand, with Pest also presenting an increase. As far as sales prices are concerned, the proportion of properties belonging in the medium and top category has grown during the last year—resulting in the growth of the HUF 20-30 and above 40 Million level in Buda, and the increase of the HUF 15-25 Million and above HUF 40 Million in Pest.

On regional level, growth volumes of February have been lower than of the last year, with mainly the HUF 300-350 thousand m² price levels presenting growth. In Pest County, the proportion of sales prices around 25-35 Million increased, while on nationwide level

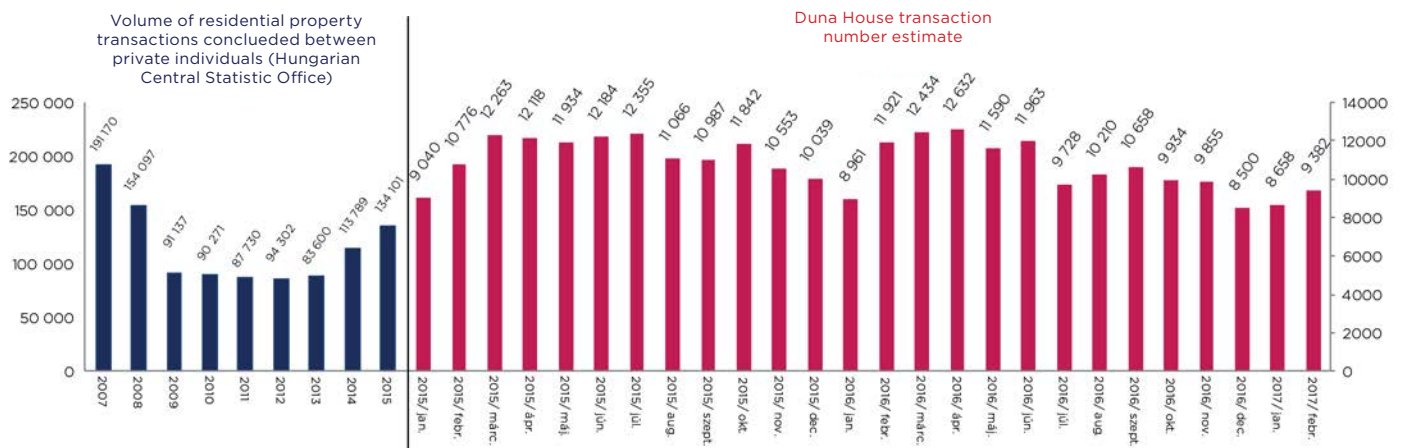
Further information

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TRANSACTION NUMBER AND DEMANDS INDEX

DH-TE (Duna House Transaction Number Estimate)

Property market turnover has, in accordance with seasonal trends, increased compared to the previous month. This has been a moderate growth, showing 8% only, which is behind last year's data. In the same period of last year, turnover has presented a one third growth (as per Duna House estimate) to 12 thousand, while two years ago, it jumped 20% and ended up at 11 thousand. Earlier years had been much weaker, with 2013 being the lowest, in comparison to which this year's volume is 1.5 higher. According to the estimate, around 18 thousand properties have had new owners so far this year, which is behind the first two months of the strongest year of the after-crisis era, 2015, when the turnover nearly reached 20 thousand.

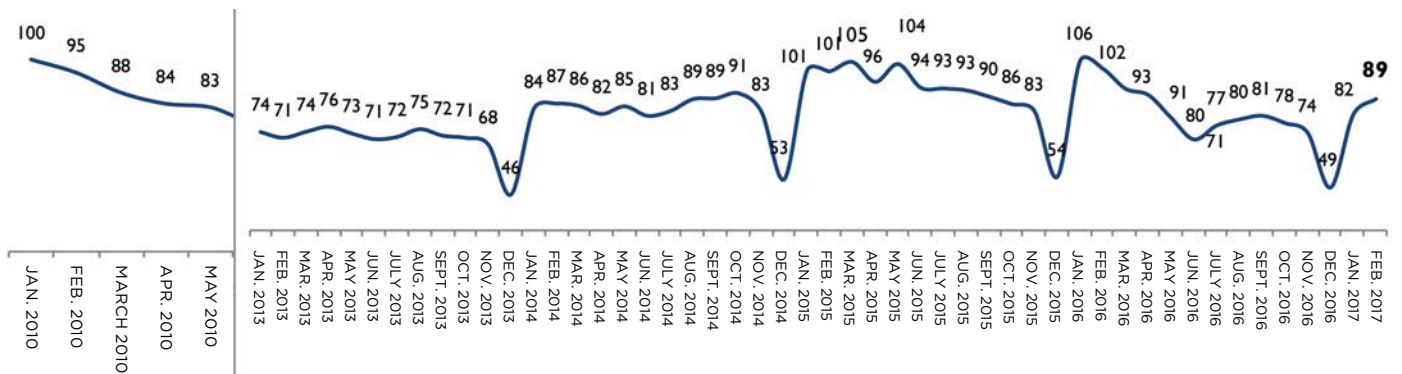


METHODOLOGY BEHIND DH-TE

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

Demand Index has reached 89 points, which is well behind last year's 102 points – a value entering a steady decline following the high score, resulting in the fact that the Index has not been this high since last April's 91 points.



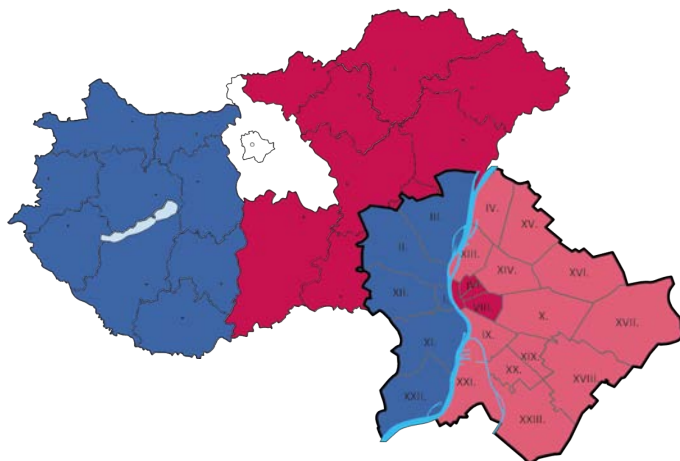
METHODOLOGY BEHIND DEMAND INDEX

The basis of the estimate is the activity registered by our agents in various, mainly major cities and Duna House offices. Corrections are made depending on the number of active agents and working days. The Demand Index is an important indication of buyer side's reactions to political decision or solutions offered by the financial sector. Demand Index is a quantitative indicator which has no direct connection with the realized transaction numbers. The latter is a qualitative issue highly effected by market environment and available financial product.

RESIDENTIAL DATA - FEBRUARY 2017

In February, the difference between the two parts of the country increased in relation of panel flats. The given type was sold for HUF 174 thousand/m² in East-, and HUF 197 thousand/m² in West Hungary Pest the average was HUF 317 thousand, while in Buda HUF 354 thousand on average.

Prices of brick built flats showed the opposite tendency regionally, with average m² prices of HUF 221 thousand in the Western, and HUF 230 thousand in the Eastern part of the country. In Budapest, Inner city areas presented HUF 655 thousand, Buda HUF 626.000 and Pest 367.000 per square meter average prices. As far as sales prices are concerned, there is an enormous difference between the capital and the rest of the country, with Buda side of the former showing the highest value of HUF 49 million, and East Hungary the lowest of HUF 11.5 Million on average.



PANEL COUNTRYWIDE			
	price	m ² price	Time need of sale/day
East	9 310 000	174 000	68
West	10 329 000	197 000	103

PANEL BUDAPEST			
	price	m ² price	Time need of sale/day
Buda	19 273 000	354 000	51
Pest	16 320 000	317 000	91

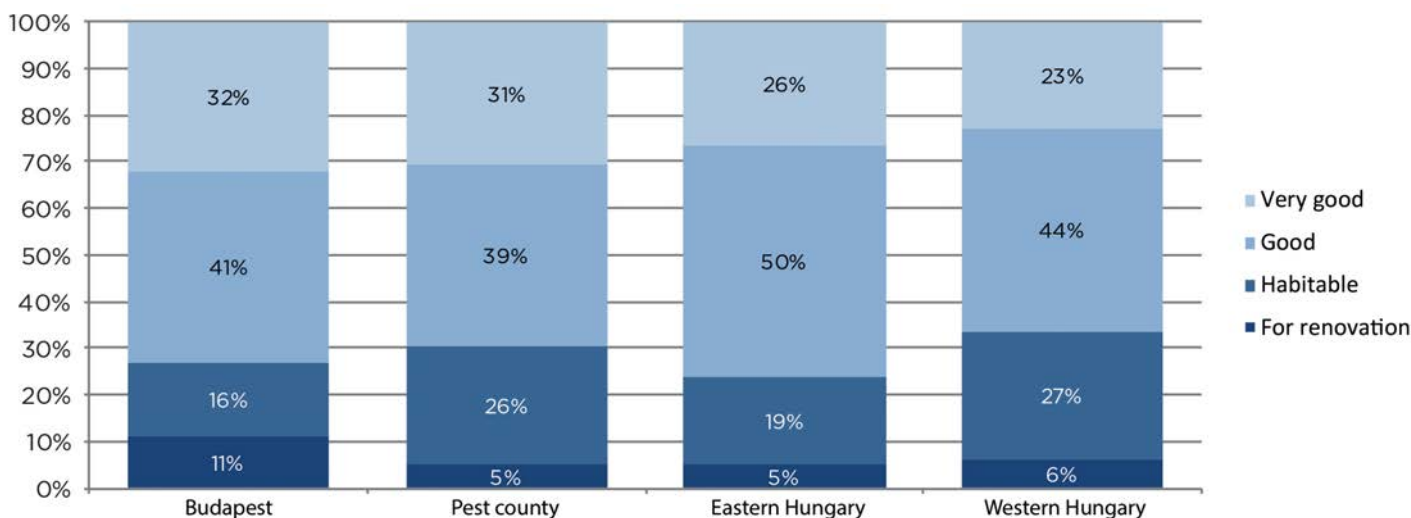
BRICK COUNTRYWIDE			
	price	m ² price	Time need of sale/day
East	11 534 000	230 000	137
West	12 193 000	221 000	138

BRICK BUDAPEST			
	price	m ² price	Time need of sale/day
Buda	48 764 000	626 000	106
Pest	21 940 000	367 000	165
Inner city	41 573 000	655 000	114

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

QUALITY PREFERENCE (USED FLATS)

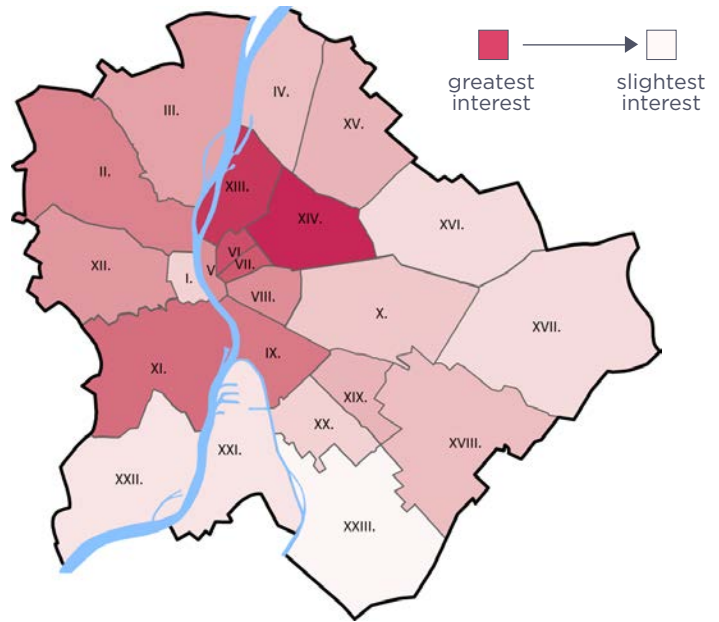
Proportion of customers buying flats for renovation has significantly grown in Budapest, and also in a volume to be noted regionally—which at the same time resulted in the decrease of those buying flats in habitable condition. Greatest part of buyers, i.e. 40%, are acquiring flats in good condition, but in Budapest the ratio of those purchasing flats in very good condition is above 30%.



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



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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Highest interest was shown towards District 14. (over 18% of buyers), but Districts 13. and 11. also stand out. Demand growth is seen towards outer districts, as well as District 8., where there has been a 1.3% growth compared to the first month of the year. Demand on the Buda side of the capital has dropped, while the greatest volume of decline was detected in District 15 (-2%), with 8% of buyers indicating it still as a target location.

BARGAIN - FEBRUARY 2017

In February, bargain volumes in case of family houses were around 8% both in Budapest and regionally. Bargain levels for flats remained nearly the same, with an average 3-4% possibility to lower the prices countrywide.

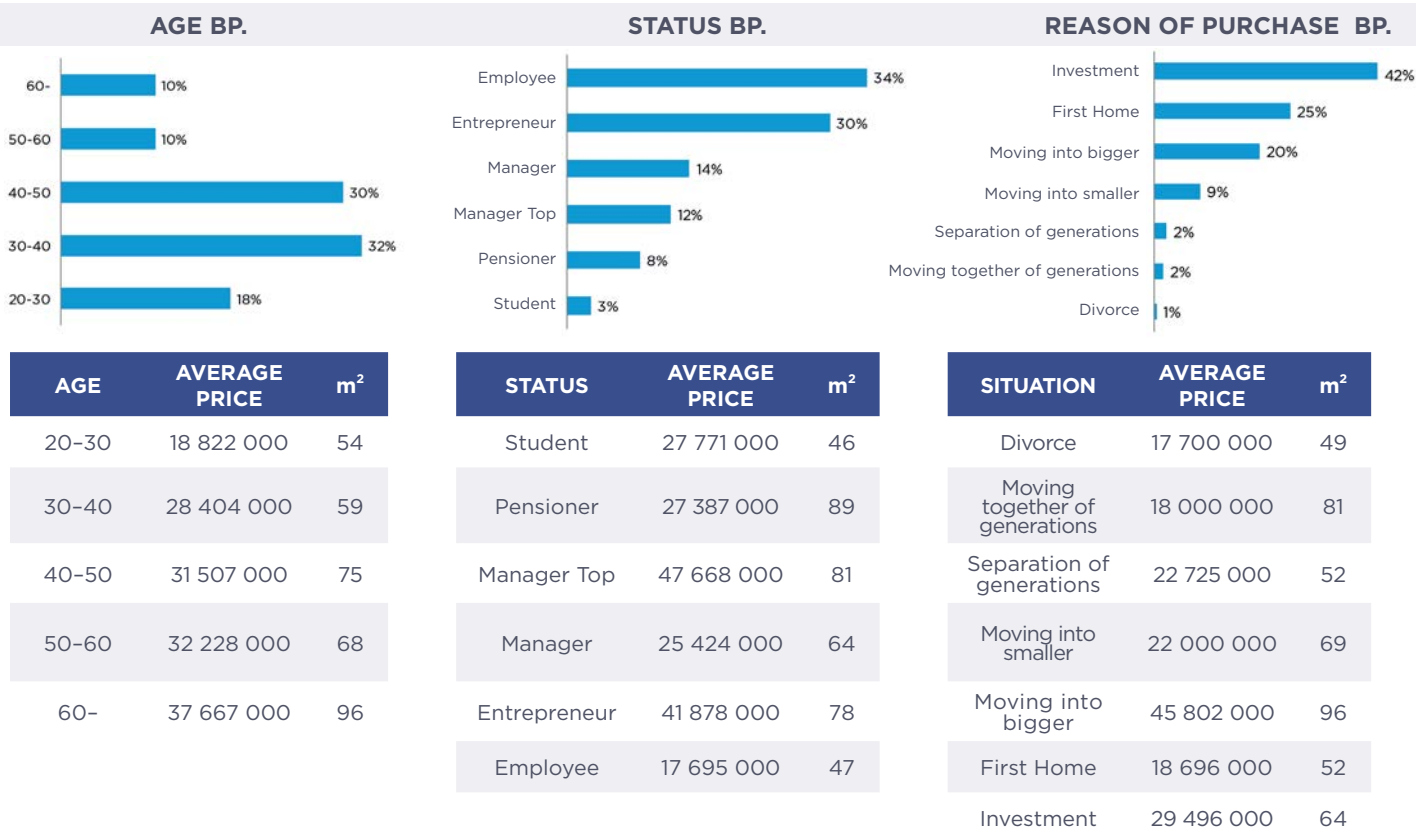
	CHANGE IN THE LISTING PRICE	BARGAIN
FAMILY HOME		
Budapest	-2%	-8%
Pest county	-3%	-7%
Regional	-3%	-8%
PANEL		
Budapest	-2%	-3%
Regional	-2%	-4%
BRICK		
Budapest	-3%	-4%
Regional	-2%	-3%
TOTAL		
Budapest	-3%	-4%
Regional	-3%	-6%

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.

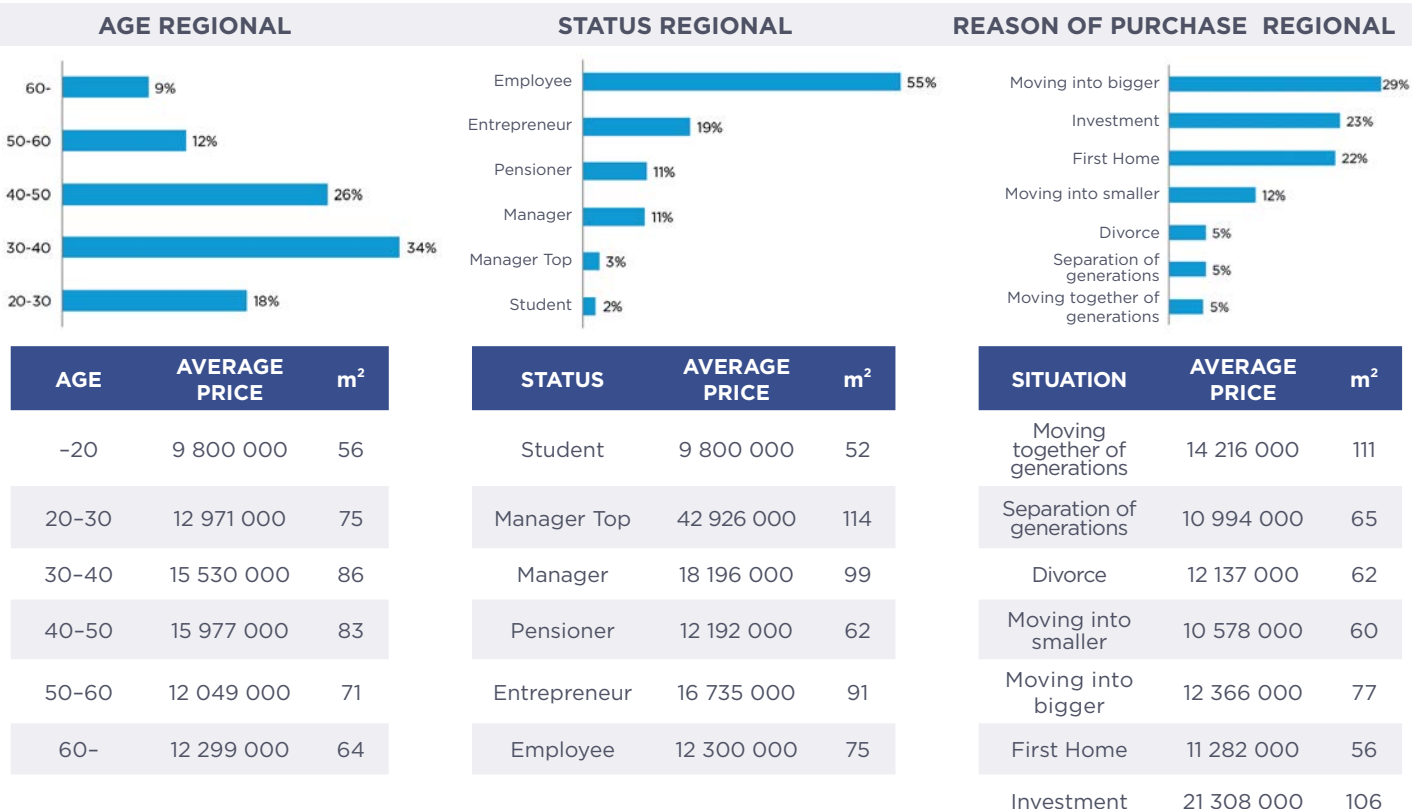
Based on purchase prices of the given period of properties brokered by Duna House.

CLIENT PROFILE: BUYERS

Average age of buyers in Budapest, in February was between 30 and 50, accounting for 62%. The proportion of buyers above the age of 50 and of those under 30, was nearly the same. Lowest-price flats in Budapest, HUF 18-19 Million, are generally bought by young people under 30. On the contrary, middle-aged buyers prefer properties of around HUF 30 Million. Proportion of buyers with investment purposes shows the highest ratio among all buyers (42%), acquiring flats of around 65 m².

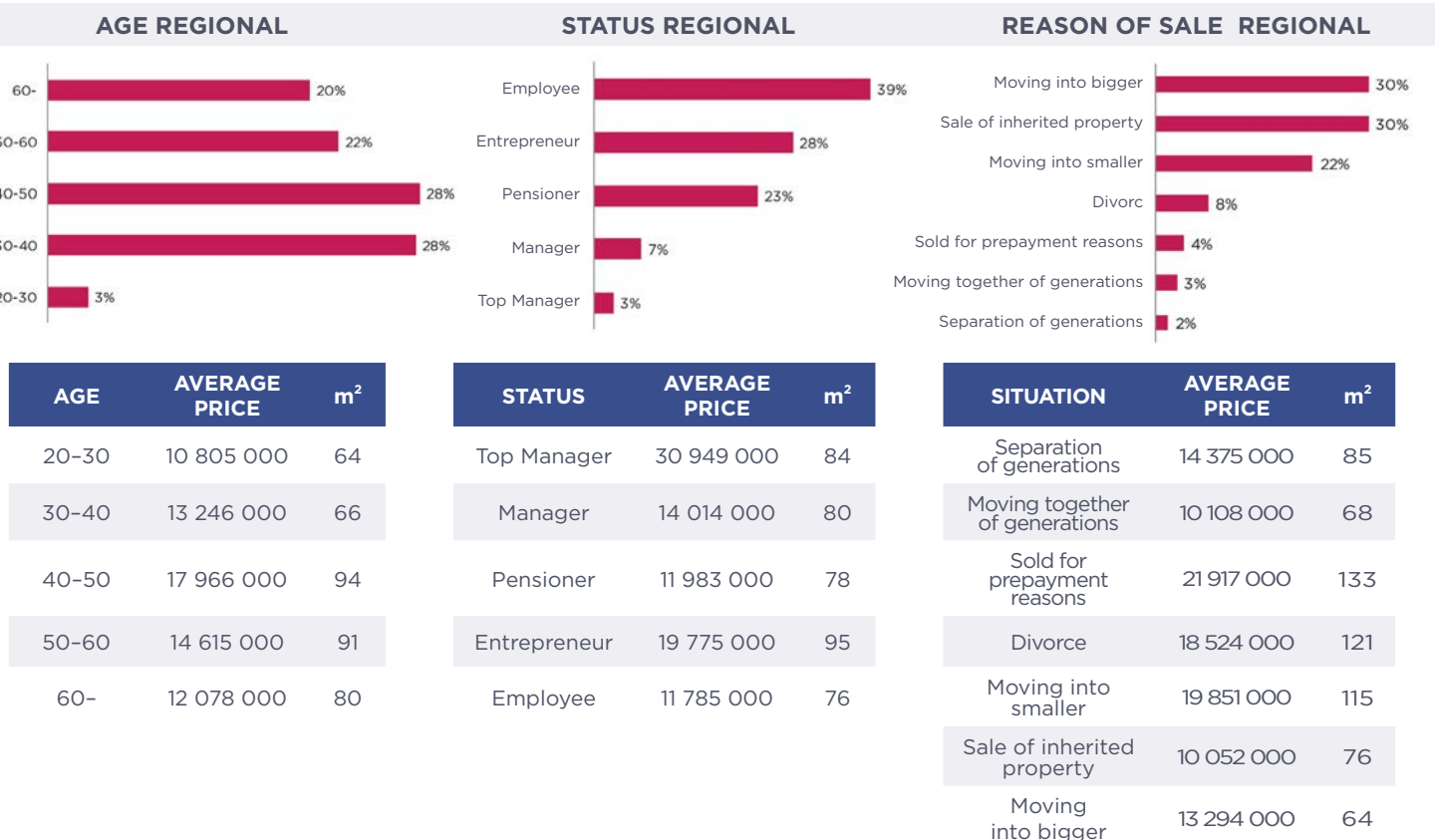
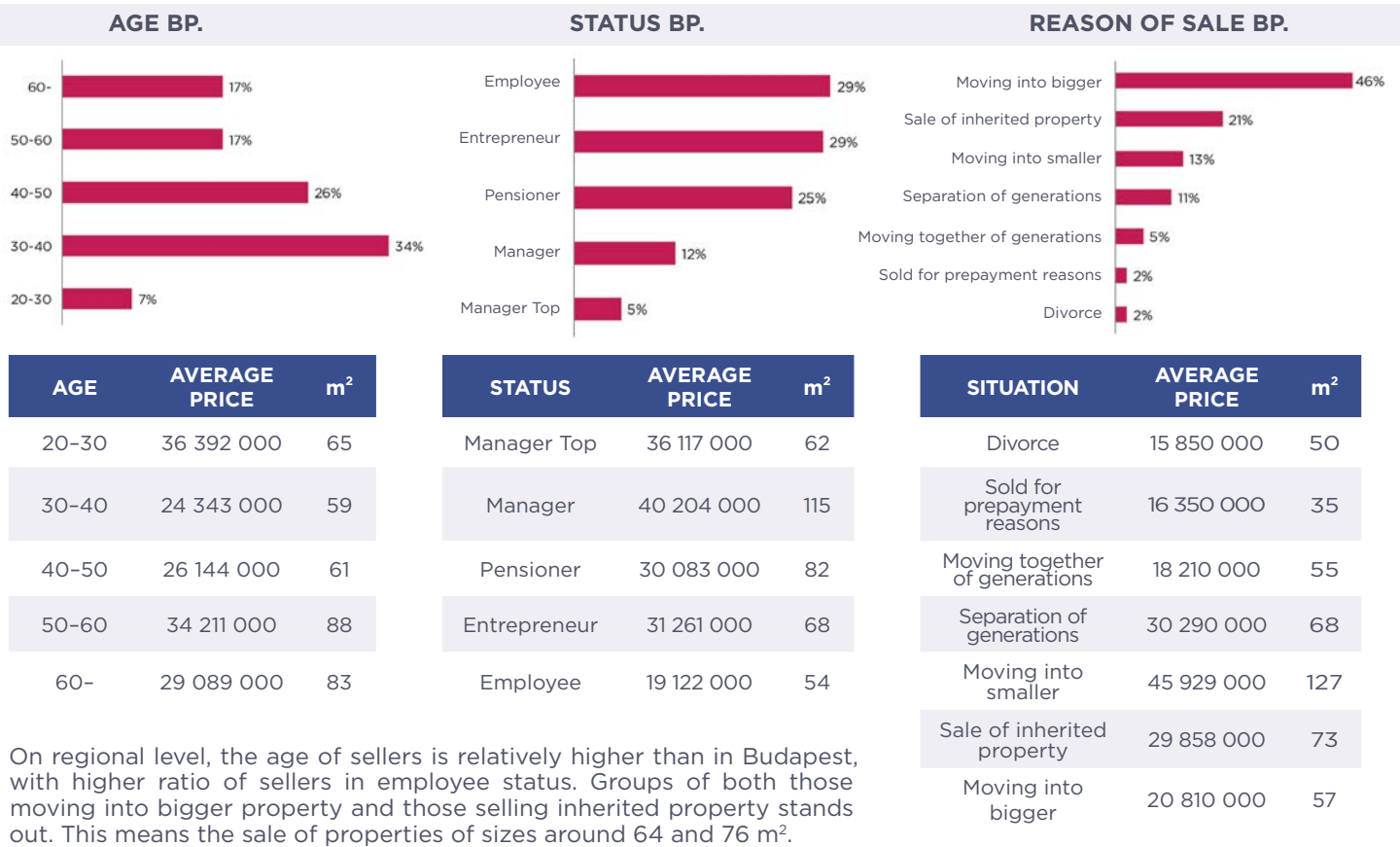


Similar trends are seen on regional level too. While the proportion of employees is outstanding countrywide, there are less entrepreneurs among buyers regionally, than in Budapest. On regional level, the majority of buyers is moving into a bigger property, thus the average sizes there are relatively high, exceeding 100 m².



CLIENT PROFILE: SELLERS

Proportion of the 30-50 age group is also outstanding in Budapest, with those above the age of 50 accounting for a higher part as in the case of buyers. Only insignificant part of people under the age of 30 tend to sell their homes. Status of buyers also shows a more balanced picture as in case of buyers. 46% of sellers in Budapest are planning to move into a bigger property, selling 57 m² flats on average.



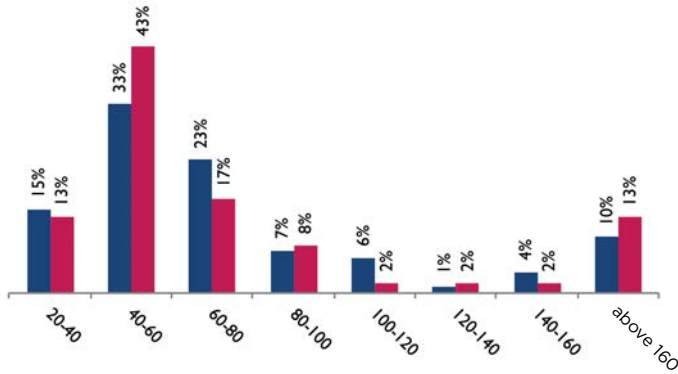
Data presented above relating age, status and reason of purchase have been acquired through the volunteer declaration of our clients. They qualify as sampling and are regarded as estimated value.

TRANSACTION PARAMETERS— BUDAPEST

In comparison to data from last February, the proportion of bigger m2 size flats in Budapest has increased. 45% of flats in Buda fell in the category above HUF 550 thousand, with Pest also presenting an increase. As far as sales prices are concerned, the proportion of properties belonging in the medium and top category has grown during the last year—resulting in the growth of the HUF 20-30 and above 40 Mil-lion level in Buda, and the increase of the HUF 15-25 Million and above HUF 40 Million in Pest.

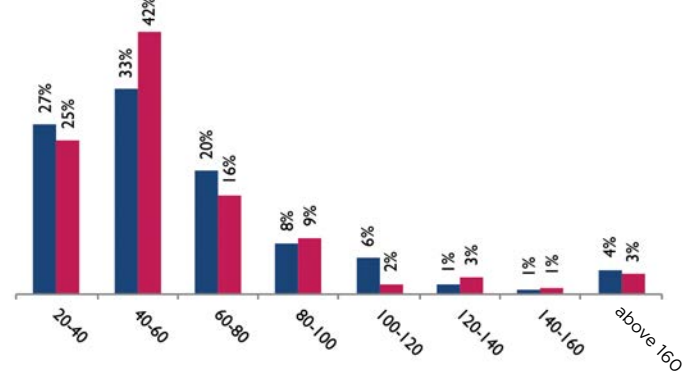
BUDA

Size (m²)

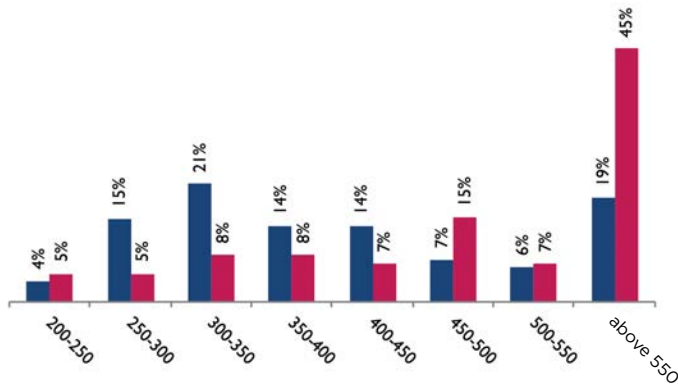


PEST

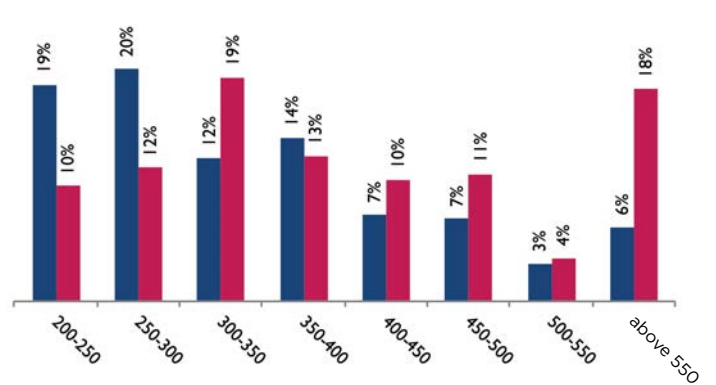
Size (m²)



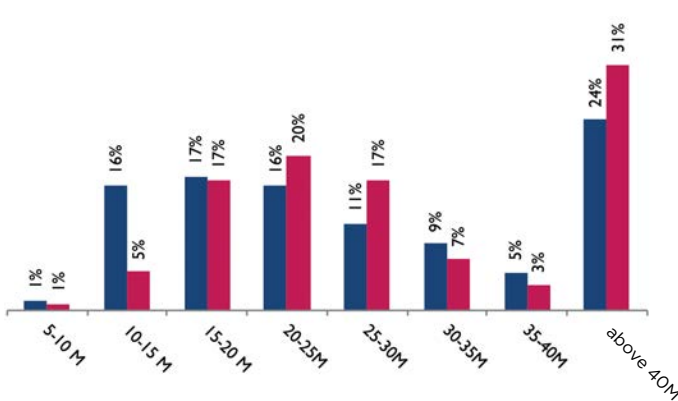
m² price (HUF thousand)



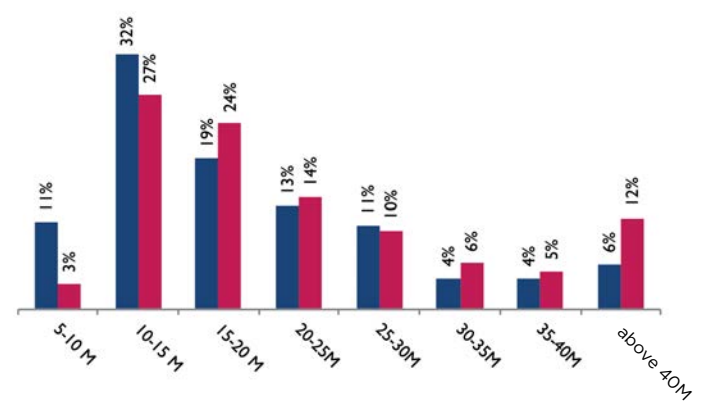
m² price (HUF thousand)



Price (HUF million)



Price (HUF million)



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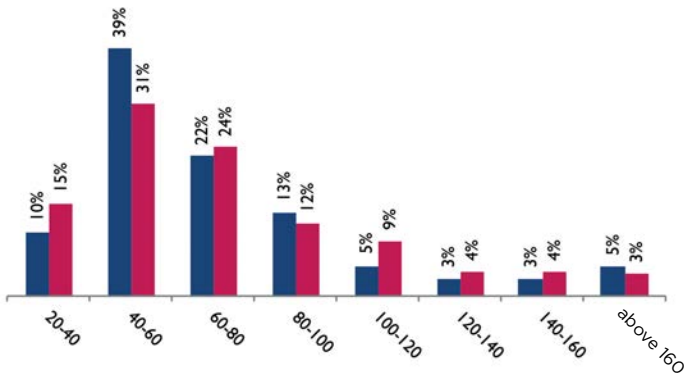
Based on property sold by Duna House Franchise network.

TRANSACTION PARAMETERS – REGIONAL

On regional level, growth volumes of February have been lower than of the last year, with mainly the HUF 300-350 thousand m² price levels presenting growth. In Pest County, the proportion of sales prices around 25-35 Million increased, while on nationwide level excluding Central-Hungary, there has been a 5% increase in the volume of flats with prices around 10-15 Million.

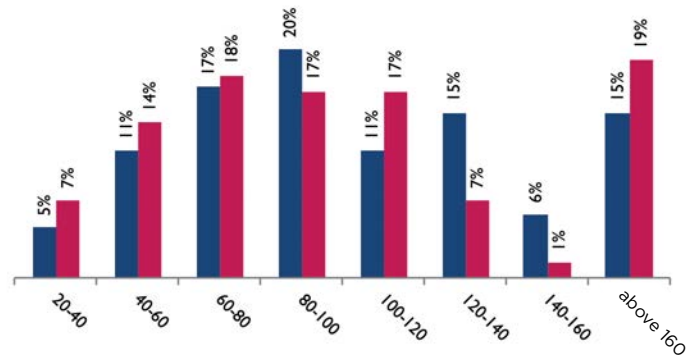
COUNTRYWIDE (EXCLUDING CENTRAL HUNGARY)

Size (m²)

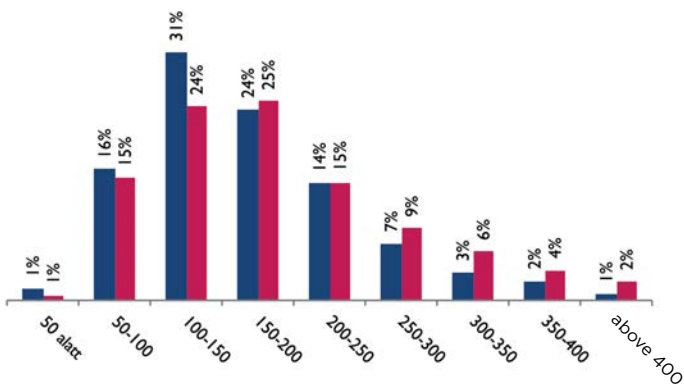


PEST COUNTY

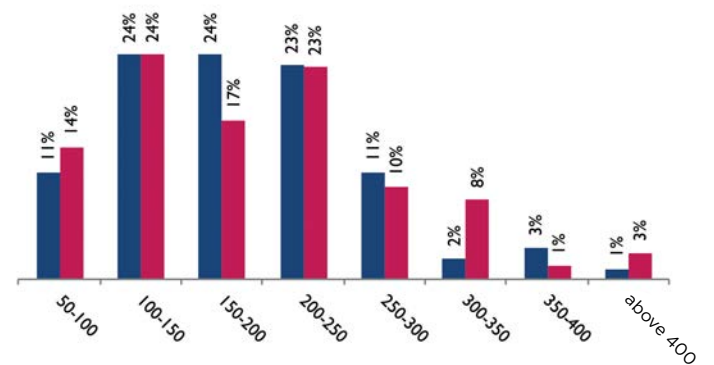
Size (m²)



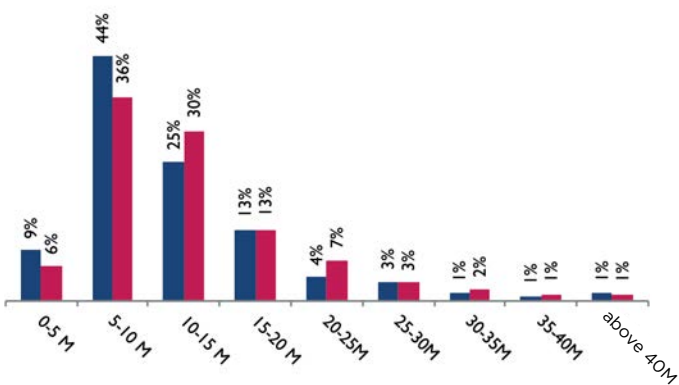
m² price (HUF thousand)



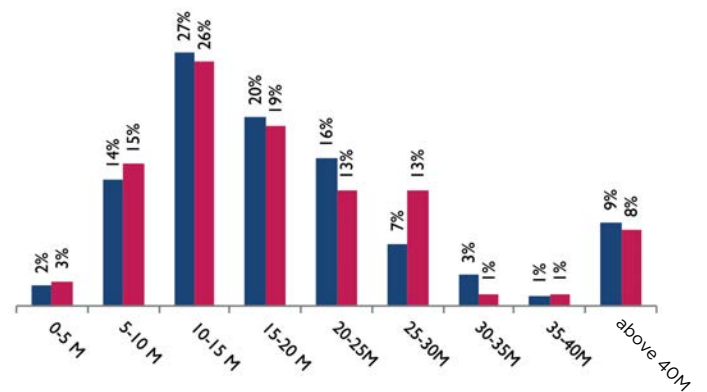
m² price (HUF thousand)



Price (HUF million)



Price (HUF million)



■ February 2016
■ February 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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