

DUNA HOUSE BAROMETER

71. issue

MAY 2017.



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FORTHCOMING ISSUES

| Date of issue | Content |
|--------------------|---|
| July 10, 2017. | 2017. QI-II. data (including price indexes) |
| August 8, 2017. | 2017. July data |
| September 8, 2017. | 2017. August data |
| October 9, 2017. | 2017. Q3 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.



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EXECUTIVE SUMMARY



Following a weaker April, the **property market has presented an outstanding** month again in May. The volume, reaching nearly 14 thousand, isn't only the highest of the year so far, but also the most outstanding turnover of the previous years. 4% less transactions took place during the same period last year, while two years ago the same period presented a 12% lower volume.

For the first 5 months of the present year Duna House estimated 61 830 transactions, which is 4% behind last year's same period.

The Demand Index fell by 4 percent and at present stands at 81 points. It showed its peak this February, indicating 89 points. The overall peak was seen last February with 106 points, following which a steady decrease resulted in values below 80 points in the second half of 2016.

In May, panel flats in East-Hungary were purchased for HUF 194 thousand, while in the western part for HUF 165 thousand per m². The same type in Pest was sold for HUF 308 thousand, and for HUF 345 thousand in Buda. Brick homes were worth in the eastern parts HUF 294 thousand, and in the west HUF 249 thousand for every m². Buyers paid HUF 421 thousand on the Pest side, HUF 564 thousand on the Buda side, and HUF 683 thousand in the Inner City on average. **Panel flats in Budapest were sold in very a short time**, within a 1-month period only, next to which the selling of the same type of flats didn't exceed 70 days on regional level either.

In Budapest, one in every three purchased used flats were in outstanding condition, next to which only 25% of used flats were in condition for renovation. Throughout Pest County lower quality levels were more popular, 35% of buyers decided for it. On regional level, one in every four sold flats were in excellent condition, and one in every three in poor, on average. The rest of transactions belonged to the good, namely average condition.

Bargain position in May reached 7-8% in relation of family houses, but the prior listing price decrease wasn't significant, only 3-4%. Selling of flats showed 3% price lowering in favor of the buyers for flats, with only panel flats in Budapest reaching the slightly higher 4%.

It seems that District 13 can't be pushed away from the top place on the popularity list. Nearly 18% of buyers in Budapest indicated it as a preferred location. District 14 is only slightly behind, followed by District 7, accounting for 15% popularity, and District 6 coming in next. On the Buda side, District 11 remains the most popular, chosen by 14% of potential buyers.

In Budapest, investors' presence accounted for 37% on the buyer's side. They spent HUF 30 Million on average for properties of 63 m². One in every four buyers was acquiring their first home, purchasing 50 m² big flats for HUF 21 Million on average. One fifth of buyers moved into a bigger property, buying 95 m² properties for HUF 36 Million. On regional level, the main leading reason behind the purchase -27%- was moving into a bigger place. They bought 112 m² properties for around HUF 21 Million. Behind one in every four transactions there was an investor, who spent HUF 14 million on average for flats of around 61 m².

A high ratio -42%- of sellers in Budapest indicated moving into a bigger flat as the reason behind the sale. They grew out they average 57 m² big flats, which they sold for around HUF 25 Million. Nearly one fourth of the sellers is planning to move into a smaller property, while only 16% sold inherited property. On regional level, those moving into smaller represented the biggest group, namely 30%. They sold their 117 m² properties (average) for around HUF 21 Million on average. The amount of those planning to switch for a bigger property wasn't much smaller either. They sold their flats of around 64 m² for HUF 13 Million on average. The group of sellers giving away inherited property was nearly the same size.

Changes in the prices are clearly indicated when comparing the parameters of properties of transactions from last May and this year. While a year ago 17% of sale and purchases fell in the HUF 300-350 thousand/m² price range, by this year it reached only 3%. In addition, the ratio of **price range above HUF 600 thousand/m² rose from 17% to 30%**. The same trend stands for Pest as well, where the ratio in the price range above HUF 600 thousand/m² rose from 8% to 14%. On regional level, properties with prices in the range above HUF 300 thousand/m² accounted for 6% of the transactions last year, and 18% one year later. In Pest County, the change was less significant, with a move from 10% to 14% only in relation of the same price range.

Further information:

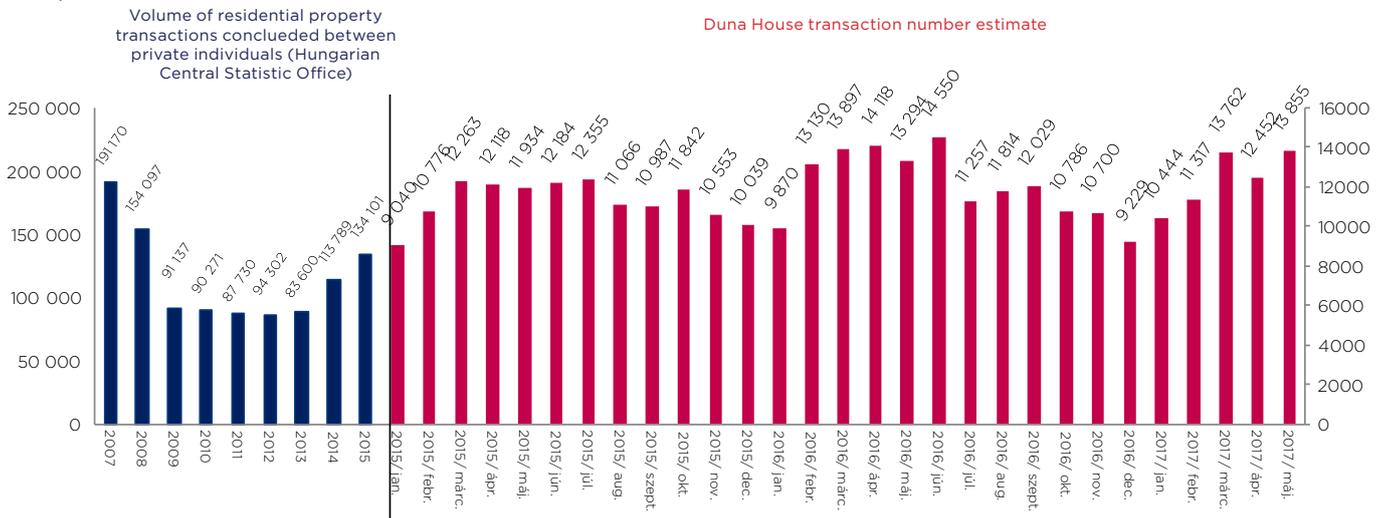
*Gábor Rutai
Head of PR and analysis
rutai.gabor@dh.hu*

TRANSACTION NUMBER AND DEMAND INDEX

DH -TE (Duna House Transaction Number Estimate)

Following a weaker April, the property market has presented an outstanding month again in May. The volume, reaching nearly 14 thousand, isn't only the highest of the year so far, but also the most outstanding turnover of the previous years. 4% less transactions took place during the same period last year, while two years ago the same period presented a 12% lower volume.

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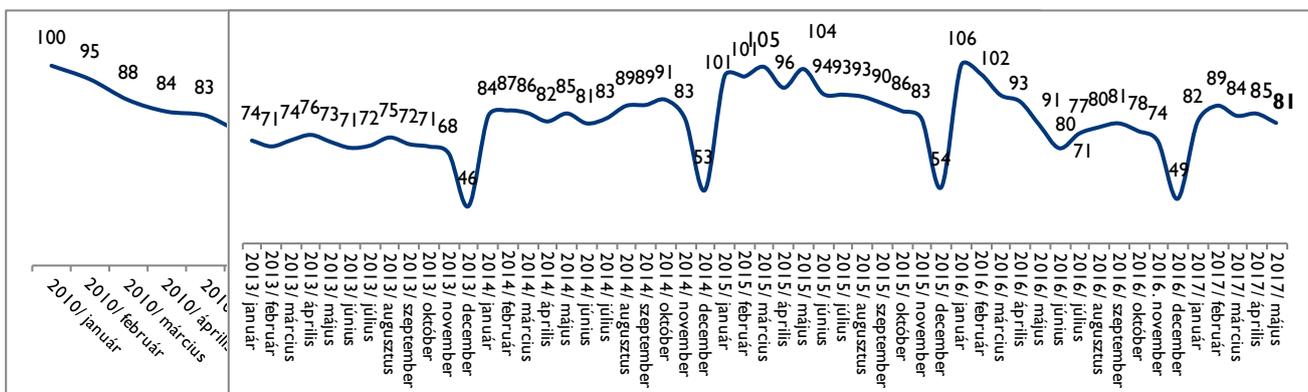
METHODOLOGY BEHIND DH-TE

Regardless of the time, the most important indicator of the real estate market is the yearly sale-purchase transaction number. DH-TE is an estimate published by Duna House showing interim approximate data. The estimate is based on monthly transaction number of property brokered by Duna House and the estimated market ratio of Duna House. The estimate of the actual monthly market ratio of Duna House is based on the following indicators: 1. data published by the Hungarian Central Statistical Office on transactions among private individuals Since the Statistical Office publishes data with a months' delay, the correction of market ratio can be carried out retroactively with refining of the estimate as well. Attention! After 2016 and by the newly built flat boom, pre-contracted transactions are visible in the statistics of the Statistical Office with a delay of several months, even 1-2 years, only following the tariff of the capital transfer tax, resulting in anomalies in the statistics. 2. Amount of issued Energy certificates. 3. Subjective assessment based on other management information from the Duna House Holding.

Please note that DH-TE data is not appropriate for defining the volume of transactions brokered by Duna House!

DH - DEMAND INDEX

The Demand Index fell by 4 percent and at present stands at 81 points. It showed its peak this February, indicating 89 points. The overall peak was seen last February with 106 points, following which a steady decrease resulted in values below 80 points in the second half of 2016.

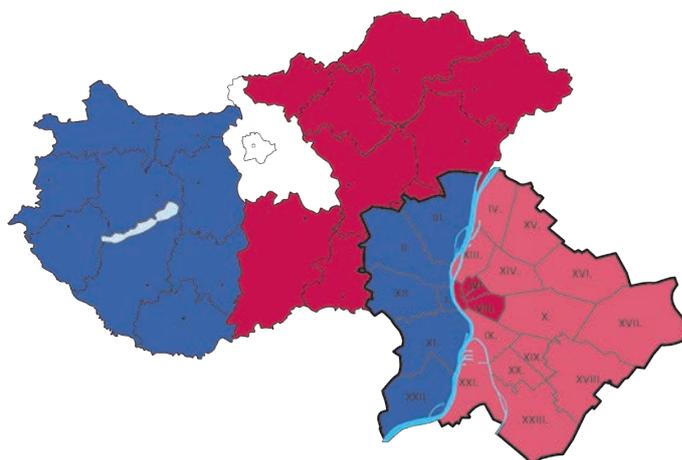


METHODOLOGY BEHIND DEMAND INDEX

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 - MAY 2017.

In May, panel flats in East-Hungary were purchased for HUF 194 thousand, while in the western part for HUF 165 thousand per m². The same type in Pest was sold for HUF 308 thousand, and for HUF 345 thousand in Buda. Brick homes were worth in the eastern parts HUF 294 thousand, and in the west HUF 249 thousand for every m². Buyers paid HUF 421 thousand on the Pest side, HUF 564 thousand on the Buda side, and HUF 683 thousand in the Inner City on average. Panel flats in Budapest were sold in very a short time, within a 1-month period only, next to which the selling of the same type of flats didn't exceed 70 days on regional level either



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

| | | | |
|-------------|-----------|---------|----|
| East | 9 614 000 | 194 000 | 76 |
| West | 8 462 000 | 165 000 | 68 |

| BRICK COUNTRYWIDE | | | |
|-------------------|--|--|--|
|-------------------|--|--|--|

| | | | |
|-------------|------------|---------|-----|
| East | 18 330 000 | 294 000 | 190 |
| West | 13 641 000 | 249 000 | 138 |

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

| | | | |
|-------------|------------|---------|-----|
| Buda | 18 375 000 | 345 000 | 35 |
| Pest | 18 395 000 | 308 000 | 119 |

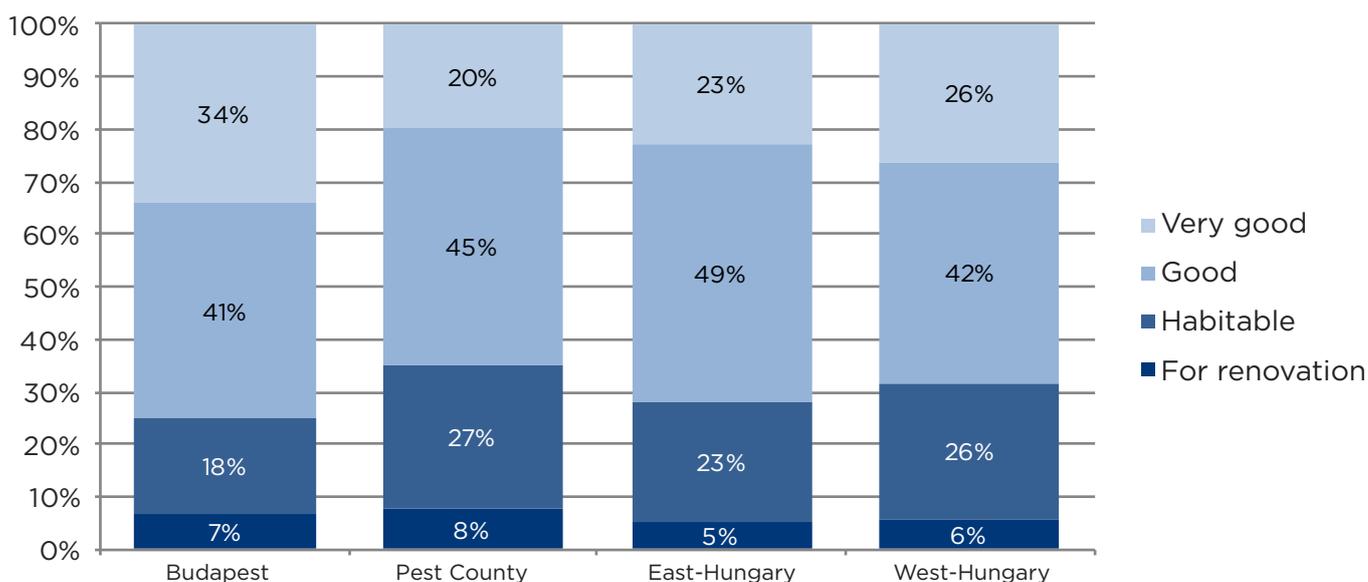
| BRICK BUDAPEST | | | |
|----------------|--|--|--|
|----------------|--|--|--|

| | | | |
|-------------------|------------|---------|-----|
| Buda | 37 123 000 | 564 000 | 155 |
| Pest | 22 637 000 | 421 000 | 127 |
| Inner City | 42 790 000 | 683 000 | 104 |

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

QUALITY PREFERENCE (USED FLATS)

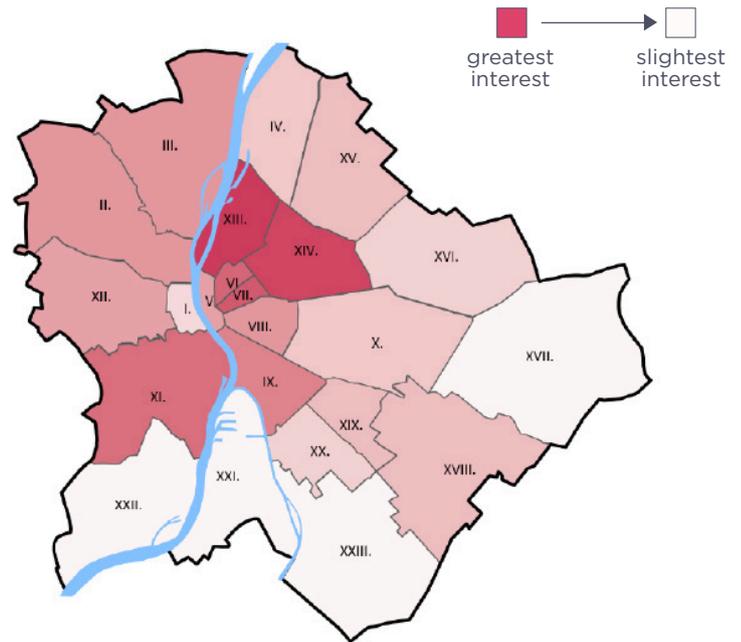
In Budapest, one in every three purchased used flats were in outstanding condition, next to which only 25% of used flats were in condition for renovation. Throughout Pest County lower quality levels were more popular, 35% of buyers decided for it. On regional level, one in every four sold flats were in excellent condition, and one in every three in poor, on average. The rest of transactions belonged to the good, namely average condition



Data is assessed based on real estate sold by Duna House. Territorial distribution of transactions brokered by Duna House may differ from the territorial distribution of the market in whole. Duna House Holding carries out its real estate agency activities mainly in Budapest and major cities. Duna House Holding does not make corrections in relation of the territorial distribution of own and market transactions.

INTEREST TOWARD DISTRICTS

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



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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It seems that District 13 can't be pushed away from the top place on the popularity list. Nearly 18% of buyers in Budapest indicated it as a preferred location. District 14 is only slightly behind, followed by District 7, accounting for 15% popularity, and District 6 coming in next. On the Buda side, District 11 remains the most popular, chosen by 14% of potential buyers

BARGAIN - MAY 2017

Bargain position in May reached 7-8% in relation of family houses, but the prior listing price decrease wasn't significant, only 3-4%. Selling of flats showed 3% price lowering in favor of the buyers for flats, with only panel flats in Budapest reaching the slightly higher 4%.

| | CHANGE IN LISTING PRICE | BARGAIN |
|--------------|-------------------------|---------|
| HOUSE | | |
| Budapest | -3% | -7% |
| Pest County | -3% | -7% |
| Regionally | -4% | -8% |
| PANEL | | |
| Budapest | -2% | -3% |
| Regionally | -1% | -4% |
| BRICK | | |
| Budapest | -3% | -3% |
| Regionally | -1% | -3% |
| TOTAL | | |
| Budapest | -3% | -4% |
| Regionally | -2% | -6% |

Methodology:

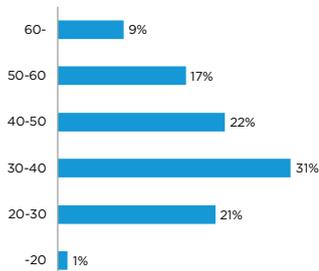
Change in the listing price is the difference between the first price indicated by the seller and the last registered price at the time of the appearance of the buyer. Bargain shows additional changes in the price agreed upon by the seller and buyer. The two indicators together give a good picture of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

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

CLIENT PROFILE: BUYERS

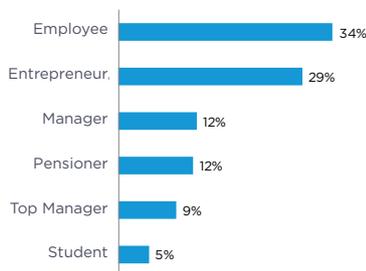
In Budapest, investors' presence accounted for 37% on the buyer's side. They spent HUF 30 Million on average for properties of 63 m². One in every four buyers was acquiring their first home, purchasing 50 m² big flats for HUF 21 Million on average. One fifth of buyers moved into a bigger property, buying 95 m² properties for HUF 36 Million.

AGE BP.



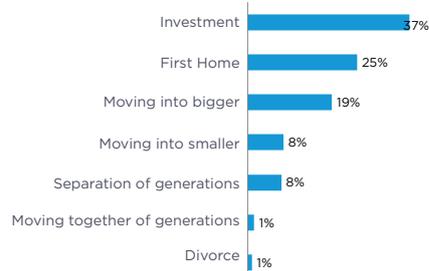
| AGE | AVERAGE PRICE | m ² |
|-------|---------------|----------------|
| -20 | 15 550 000 | 40 |
| 20-30 | 22 122 000 | 55 |
| 30-40 | 26 831 000 | 69 |
| 40-50 | 37 042 000 | 78 |
| 50-60 | 25 750 000 | 63 |
| 60- | 27 683 000 | 61 |

STATUS BP.



| STATUS | AVERAGE PRICE | m ² |
|--------------|---------------|----------------|
| Student | 21 145 000 | 54 |
| Top Manager | 38 025 000 | 84 |
| Pensioner | 24 861 000 | 60 |
| Manager | 29 085 000 | 68 |
| Entrepreneur | 35 564 000 | 76 |
| Employee | 19 188 000 | 52 |

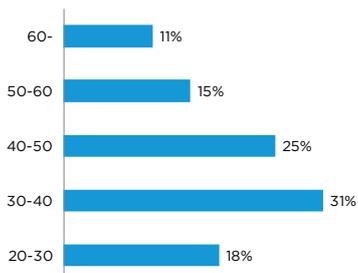
MOTIVATION BP.



| SITUATION | AVERAGE PRICE | m ² |
|--------------------------------|---------------|----------------|
| Divorce | 22 750 000 | 73 |
| Moving together of generations | 55 167 000 | 212 |
| Separation of generations | 20 242 000 | 51 |
| Moving into smaller | 25 041 000 | 58 |
| Moving into bigger | 35 645 000 | 95 |
| First Home | 20 867 000 | 50 |
| Investment | 30 043 000 | 63 |

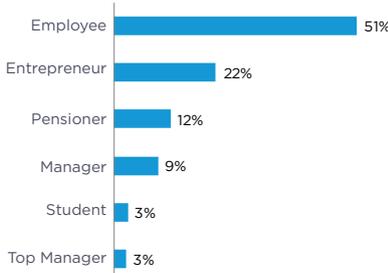
On regional level, the main leading reason behind the purchase -27%- was moving into a bigger place. They bought 112 m² properties for around HUF 21 Million. Behind one in every four transactions there was an investor, who spent HUF 14 million on average for flats of around 61 m².

AGE, REGIONAL



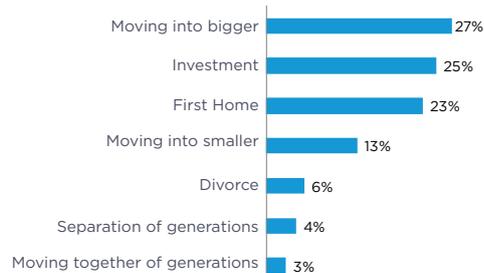
| AGE | AVERAGE PRICE | m ² |
|-------|---------------|----------------|
| -20 | 9 600 000 | 31 |
| 20-30 | 12 655 000 | 80 |
| 30-40 | 15 875 000 | 88 |
| 40-50 | 17 025 000 | 87 |
| 50-60 | 20 054 000 | 89 |
| 60- | 13 783 000 | 70 |

STATUS, REGIONAL



| STATUS | AVERAGE PRICE | m ² |
|--------------|---------------|----------------|
| Top Manager | 23 420 000 | 113 |
| Student | 16 773 000 | 66 |
| Manager | 16 979 000 | 81 |
| Pensioner | 14 426 000 | 71 |
| Entrepreneur | 22 413 000 | 100 |
| Employee | 12 647 000 | 80 |

MOTIVATION, REGIONAL



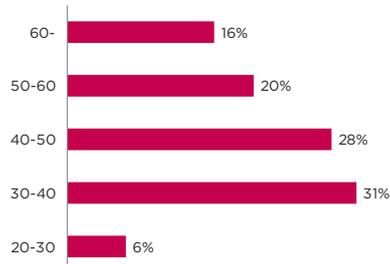
| SITUATION | AVERAGE PRICE | m ² |
|--------------------------------|---------------|----------------|
| Moving together of generations | 18 630 000 | 102 |
| Separation of generations | 15 061 000 | 94 |
| Divorce | 11 129 000 | 73 |
| Moving into smaller | 14 488 000 | 66 |
| First Home | 12 166 000 | 80 |
| Investment | 13 760 000 | 61 |
| Moving into bigger | 21 197 000 | 112 |

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.

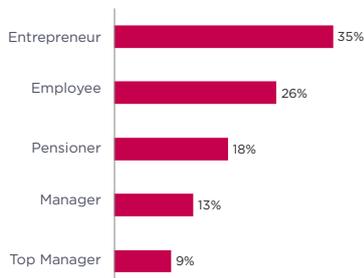
CLIENT PROFILE: SELLERS

A high ratio -42%- of sellers in Budapest indicated moving into a bigger flat as the reason behind the sale. They grew out they average 57 m2 big flats, which they sold for around HUF 25 Million. Nearly one fourth of the sellers is planning to move into a smaller property, while only 16% sold inherited property.

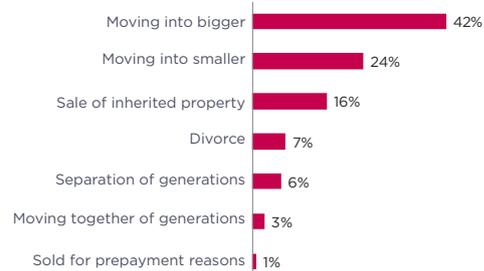
AGE BP.



STATUS BP.



MOTIVATION BP.



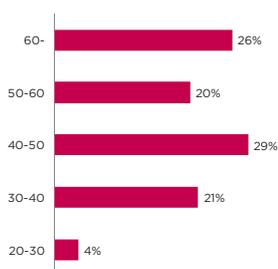
| AGE | AVERAGE PRICE | m ² |
|-------|---------------|----------------|
| 20-30 | 17 092 000 | 47 |
| 30-40 | 26 209 000 | 58 |
| 40-50 | 31 696 000 | 71 |
| 50-60 | 25 910 000 | 67 |
| 60- | 33 495 000 | 95 |

| STATUS | AVERAGE PRICE | m ² |
|--------------|---------------|----------------|
| Top Manager | 32 932 000 | 66 |
| Manager | 19 797 000 | 49 |
| Pensioner | 28 424 000 | 77 |
| Employee | 20 823 000 | 58 |
| Entrepreneur | 38 945 000 | 79 |

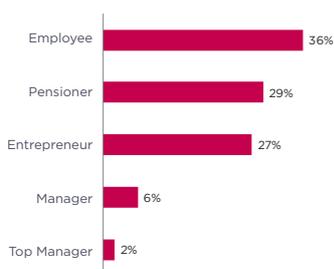
| SITUATION | AVERAGE PRICE | m ² |
|--------------------------------|---------------|----------------|
| Sold for prepayment reasons | 27 000 000 | 160 |
| Moving together of generations | 50 134 000 | 103 |
| Separation of generations | 20 627 000 | 71 |
| Divorce | 29 763 000 | 71 |
| Sale of inherited property | 17 475 000 | 58 |
| Moving into smaller | 31 334 000 | 94 |
| Moving into bigger | 24 618 000 | 57 |

On regional level, those moving into smaller represented the biggest group, namely 30%. They sold their 117 m2 properties (average) for around HUF 21 Million on average. The amount of those planning to switch for a bigger property wasn't much smaller either. They sold their flats of around 64 m2 for HUF 13 Million on average. The group of sellers giving away inherited property was nearly the same size

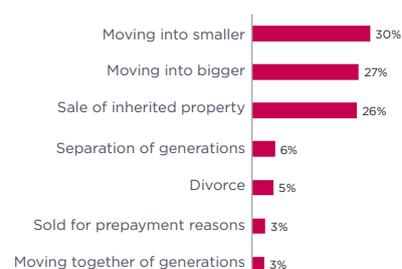
AGE, REGIONAL



STATUS, REGIONAL



MOTIVATION, REGIONAL



| AGE | AVERAGE PRICE | m ² |
|-------|---------------|----------------|
| 20-30 | 13 325 000 | 67 |
| 30-40 | 13 400 000 | 75 |
| 40-50 | 16 182 000 | 85 |
| 50-60 | 16 453 000 | 99 |
| 60- | 14 773 000 | 88 |

| STATUS | AVERAGE PRICE | m ² |
|--------------|---------------|----------------|
| Top Manager | 22 689 000 | 107 |
| Manager | 13 454 000 | 77 |
| Entrepreneur | 20 813 000 | 91 |
| Pensioner | 13 477 000 | 87 |
| Employee | 13 201 000 | 82 |

| SITUATION | AVERAGE PRICE | m ² |
|--------------------------------|---------------|----------------|
| Moving together of generations | 13 223 000 | 94 |
| Sold for prepayment reasons | 12 029 000 | 69 |
| Divorce | 19 216 000 | 90 |
| Separation of generations | 22 224 000 | 126 |
| Sale of inherited property | 8 811 000 | 82 |
| Moving into bigger | 13 327 000 | 64 |
| Moving into smaller | 21 004 000 | 117 |

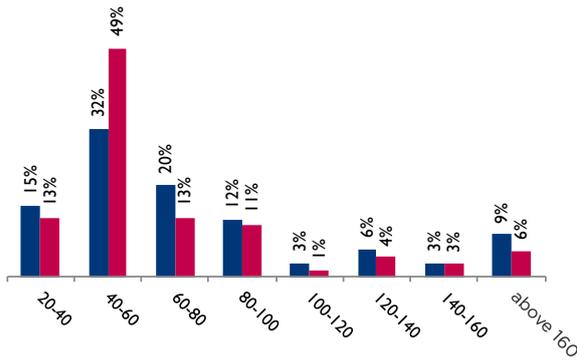
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TRANSACTION PARAMETERS – BUDAPEST

Changes in the prices are clearly indicated when comparing the parameters of properties of transactions from last May and this year. While a year ago 17% of sale and purchases fell in the HUF 300-350 thousand/m² price range, by this year it reached only 3%. In addition, the ratio of price range above HUF 600 thousand/m² rose from 17% to 30%. The same trend stands for Pest as well, where the ratio in the price range above HUF 600 thousand/m² rose from 8% to 14%.

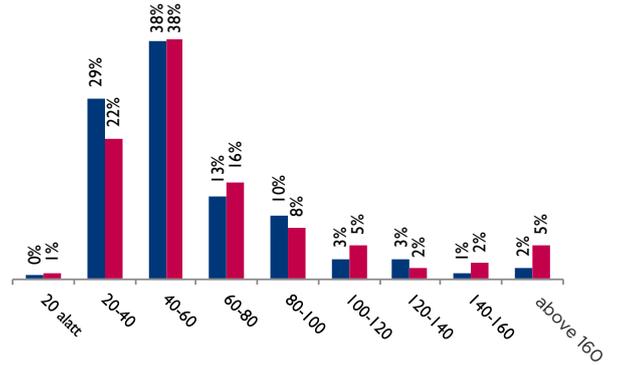
BUDA

Size (m²)

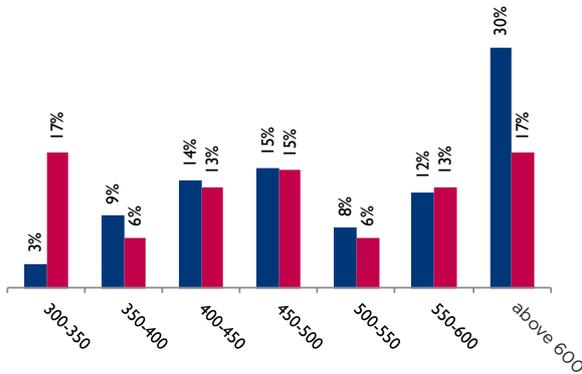


PEST

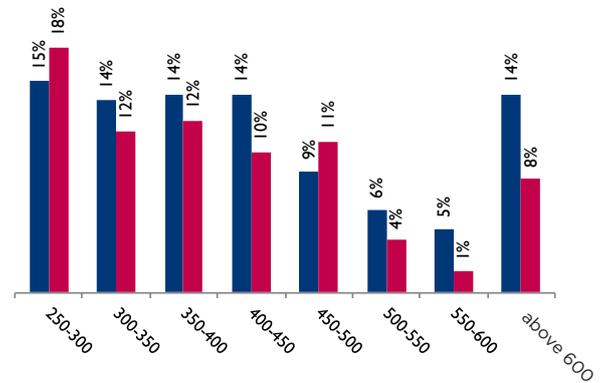
Size (m²)



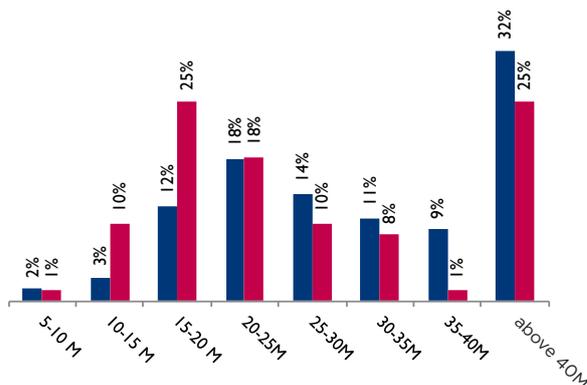
m² price (HUF thousand)



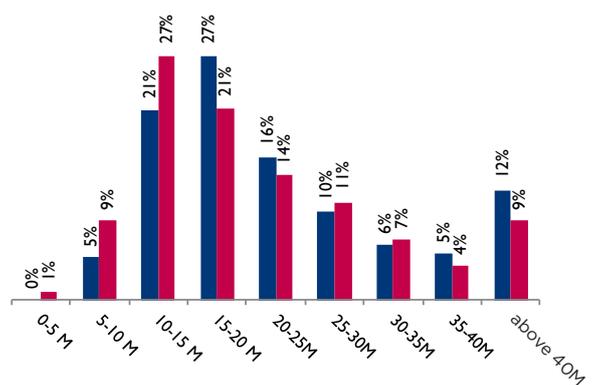
m² price (HUF thousand)



Price (HUF Million)



Price (HUF Million)



■ May 2016.
■ May 2017.

Based on property sold by Duna House Franchise network.

TRANSACTION PARAMETERS — REGIONAL

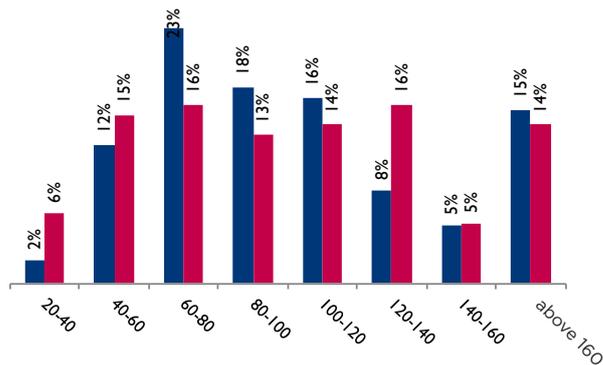
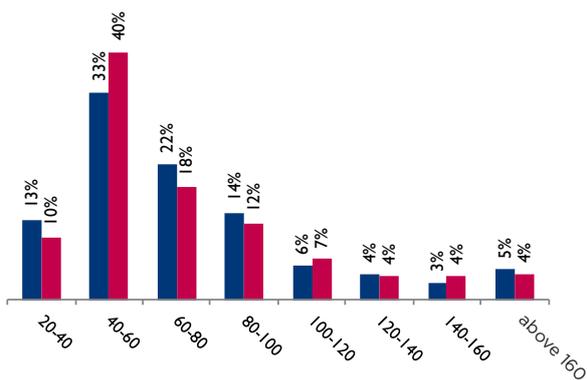
On regional level, properties with prices in the range above HUF 300 thousand/m² accounted for 6% of the transactions last year, and 18% one year later. In Pest County, the change was less significant, with a move from 10% to 14% only in relation of the same price range .

COUNTRYWIDE (WITHOUT CENTAL-HUNGARY)

PEST COUNTY

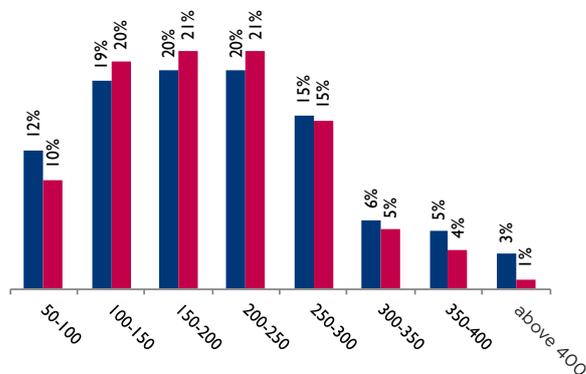
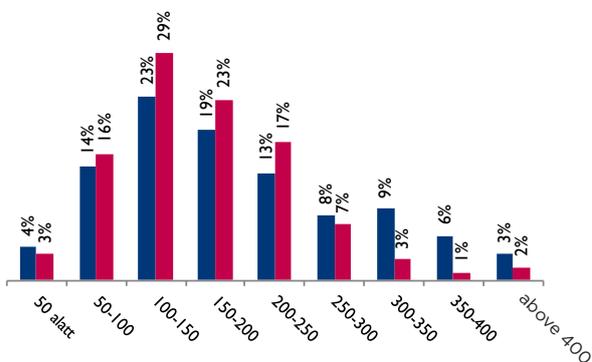
Size (m²)

Size (m²)



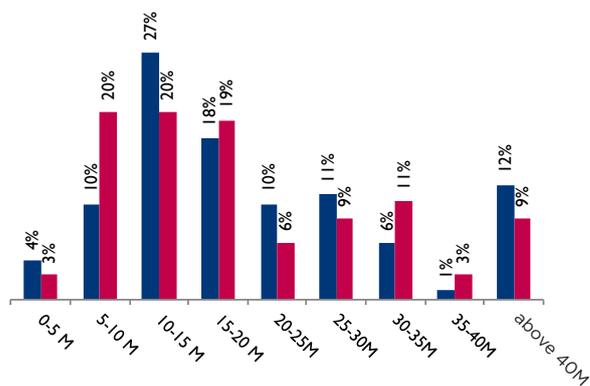
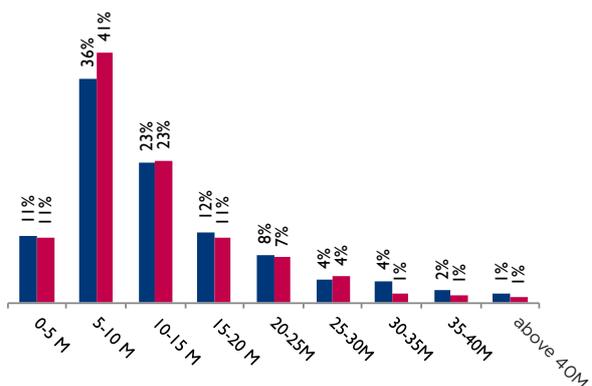
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ May 2016.
■ May 2017.

Based on property sold by Duna House Franchise network.



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