

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

80. issue

February 2018



DHS
BÉT
**PRIME
MARKET**

Listed on the Prime Market of
the Budapest Stock Exchange

PRIVACY POLICY

Statistical information and estimates published in the Duna House Barometer are the intellectual property of Duna House Franchise Ltd. Statistical information and estimates presented in the Duna House Barometer are for information purposes only, for the complexity and accuracy of which Duna House Holding does not take responsibility.

Statistical information and estimates published in the Duna House Barometer can be used for individual purposes and responsibility by any person with reference to the following conditions:

- Statistical information and estimates published in the Duna House Barometer must remain unchanged when presented.
- Statistical information and estimates presented in the Duna House Barometer must be published only with exact source indication: words "Source: Duna House Barometer" must be indicated right prior or following the text. If in context, it must directly refer to Duna House Barometer as source.

Any use other than the above will imply legal juridical measures. Duna House is entitled to claim the termination of misuse and refund of the entire damage caused. In case of breaching regulations of link posting Duna House is entitled to instantly remove the link pointing to the webpage and claim the refund of its damages.

FORTHCOMING ISSUES

Date of issue	Content
April 12, 2018.	2018. Q1 data (including price indexes)
May 14, 2018.	2018. April data
June 12, 2018	2018. May data

Duna House Barometer is available from the 12th day of each month (forthcoming weekday if weekend) on the webpage: www.dh.hu/barometer www.dh.hu/barometer

If you wish to receive Duna House Real Estate Barometer or download previous issues visit our webpage: www.dh.hu

GENERAL INFORMATION CONCERNING THE CONTENT OF THE PRESENT PUBLICATION

Attention! The present publication must not serve as grounds for estimating, or making conclusions in relation of Duna House business profitability.

All data, information, estimates and professional statements presented in the publication are developed based on data gained from the activities of Duna House Holding members, or in some cases are based on subjective experience. Application of those for the entire Hungarian property market may require additional corrections. Data sources – unless indicated differently at the given section – derive from the database operated by Duna House Holding, the content of which is compiled by members of the network upon their individual judgement and information gained from clients. The operator does not take responsibility for the comprehensiveness of the data. Data presented in the present publication is mainly based on parameters of property transactions in major Hungarian cities given by Duna House branch offices and agents.



CONTENT:

- 2.** Privacy Policy, Forthcoming issues
- 4.** Executive Summary
- 5.** Duna House Transaction Estimate
- 6.** Transaction parameters in Budapest
- 7.** Transaction parameters regionally
- 8.** Residential Flat data
- 9.** Demand Index and Interest toward the districts
- 10.** Quality preference and Transaction time
- 11.** Client profile: buyers
- 12.** Client profile: sellers

EXECUTIVE SUMMARY

Property market analysis of the second month in 2018 is in accordance with the expectations. Price changes that occurred in line with the booming trading experienced during the past months are visibly detected in the numbers.

Analysis of the transaction parameters clearly indicates the effect of the price increase. In Buda and Pest, the ratio of properties sold on a price higher than HUF 600 thousand/ square meter has grown significantly.

Due to the price increase, turnover rate has also grown. In case of brick-built flats the average time need for sale has expanded by a few months, and today the sale transaction generally takes place between 100-140 days. On the Pest side of the capital, even a longer period is needed for the successful sale of a property. In case of panel flats, generally available on better prices, the change isn't so drastic as panel flats are sold within a 3 months period on average.

We have included the sale of properties previously purchased with investment purpose as a new element to our seller profile analysis. The ratio of such properties was around 12% in February in Budapest, and included properties of around HUF 38 Million value. By the long term analysis of the ratio we plan to gather useful information on investors' attitude, which can be an indicator of the effects of property market changes on the investments.

Further information

Károly Benedikt • Head of PR and analysis

+36 30 811 0690

benedikt.karoly@dh.hu

Duna House Holding Nyrt.

H-1016 Budapest Gellérthegy str. 17.

+36 1 555 2222

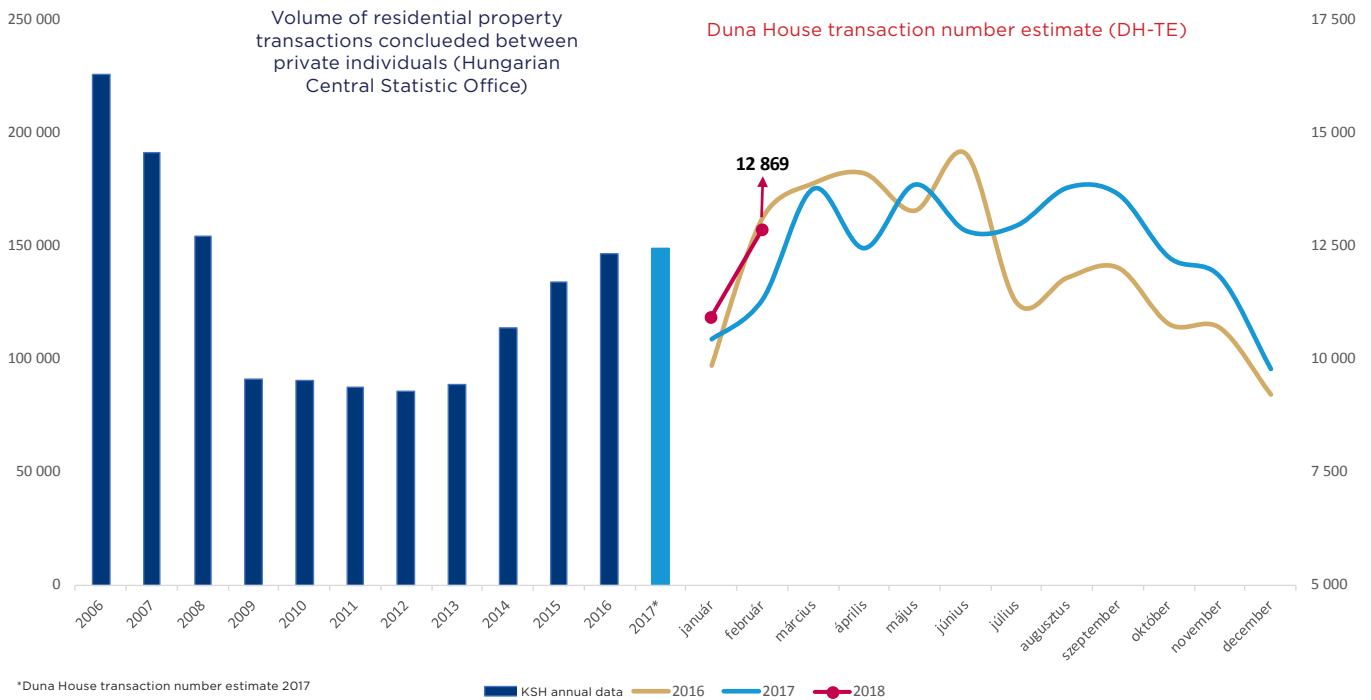
www.dh.hu



TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

The transaction volume in February, reaching nearly 13 thousand, presents a 13.7% growth in comparison with the same period of the previous year. The aggregated transaction number of the first two months of the year shows the strongest start of the year since the 2008 crisis. Duna House has just published its annual property market forecast and corporate target results, indicating a 10-20% expected yearly transaction volume expansion on the Hungarian property market, which foresees a 160-180 thousand sale and transaction volume in relation of the current year.



The below table shows the monthly transaction volume forecasted by Duna House for the given month.

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
2016	9 870	13 130	13 897	14 118	13 294	14 550	11 257	11 814	12 029	10 786	10 700	9 229
2017	10 444	11 317	13 762	12 452	13 855	12 836	12 951	13 787	13 639	12 246	11 820	9 787
2018	10 918	12 869										



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!

TRANSACTION PARAMETERS IN BUDAPEST

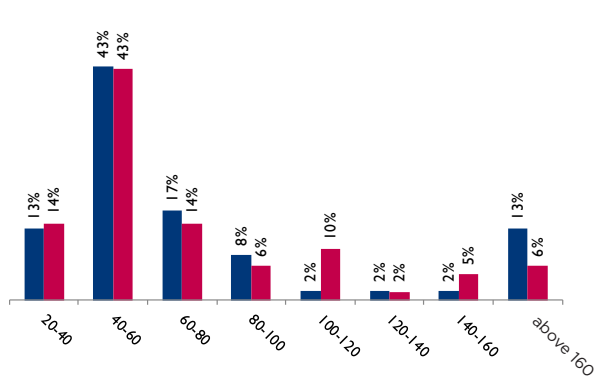
When compared to last February, the ratio of 100-120 m² size flats has increased by 8 points in Buda, and by 4 points in Pest. The highest number among sold properties included the 40-60 m² size range, which ended up being the most popular in Budapest.

Square meter prices have clearly moved toward the higher categories in the past year, with both Buda and Pest presenting the domination of properties above HUF 600 thousand. Its ratio has grown by 14% in Buda, and by 10% in Pest.

As a result of the increasing m² prices and increasing size ranges, the prices of flats have also grown. In Buda, the highest number of sold properties (42%) cost over HUF 40 Million, while the ratio of the same price range was 19% in Pest, accounting for the second most popular category.

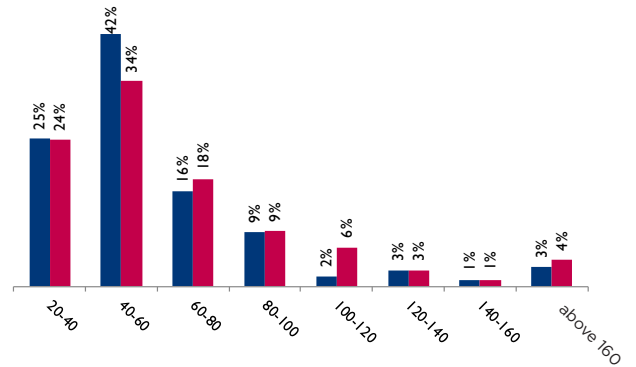
BUDA

size (m²)

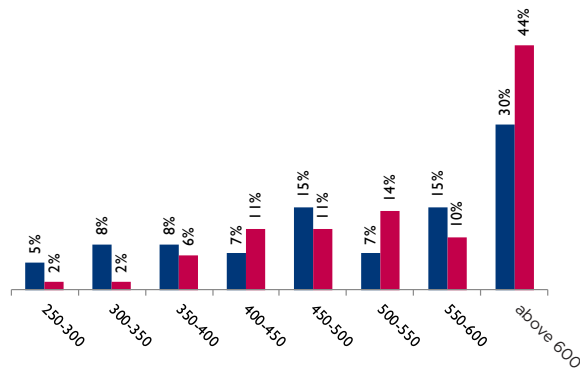


PEST

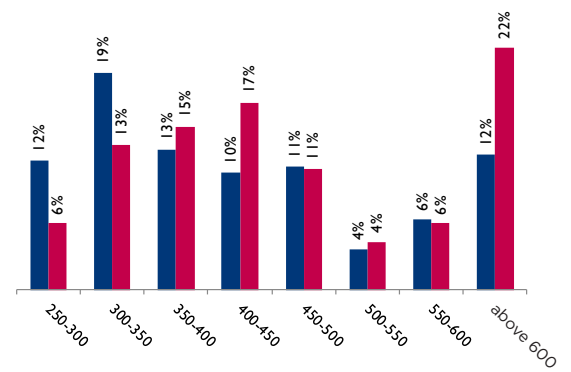
size (m²)



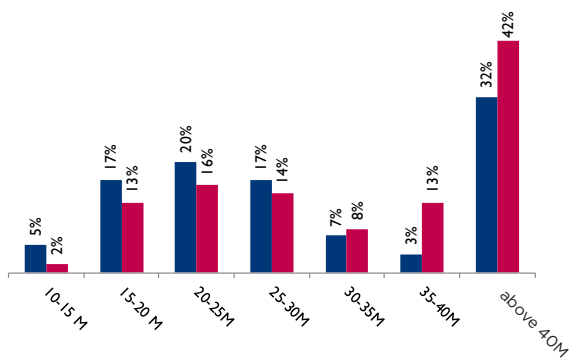
m² price (HUF thousand)



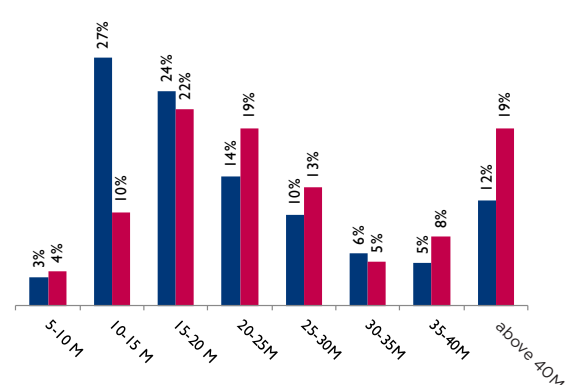
m² price (HUF thousand)



price (HUF Million)



price (HUF Million)



■ February 2017.
■ February 2018.

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

On regional level, leaving Central Hungary out of the analysis, the highest ratio among sold properties was in the 40-60 m2 category (35%). In Pest County, the most popular category was a somewhat bigger, i.e. the 60-80 m2 size range (25%). The greatest growth is indicated in Pest County, in the 140-160 m2 size range, with a 9% increase since the previous year.

The ratio of properties sold on lower m2 prices has also decreased on regional level. In Pest County, the ratio of properties sold in the HUF 100-150 thousand, and HUF 200-250 thousand m2 price categories has been 8% lower.

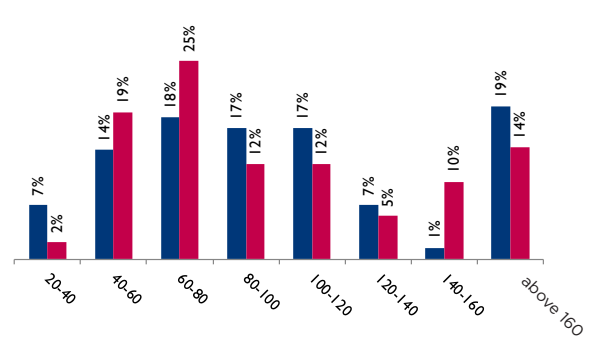
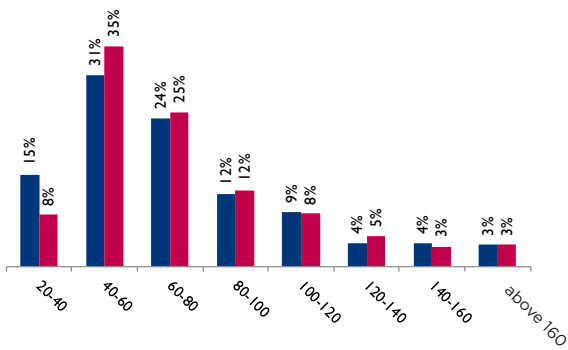
The highest number of properties was sold for HUF 10-15 Million (30%) on regional level, while for HUF 20-25 Million (20-20%) in Pest County.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

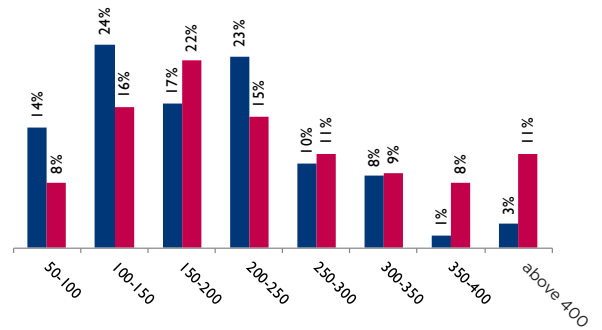
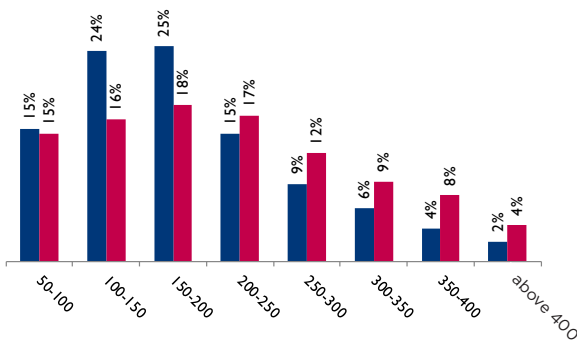
size (m2)

size (m2)



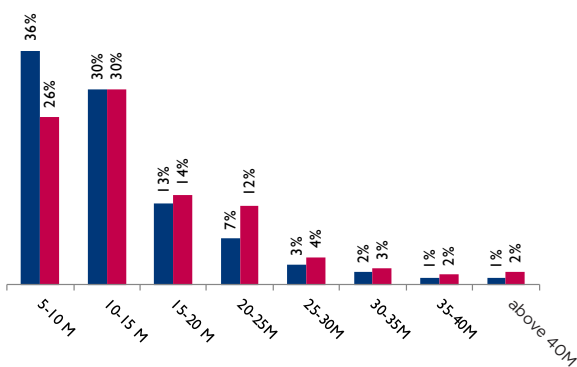
m2 price (HUF thousand)

m2 price (HUF thousand)



price (HUF Million)

price (HUF Million)



■ February 2017.
■ February 2018.

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

When speaking of panel flats, both the average price and average m2 price has grown on a countrywide level during the past year. In the eastern part of the country, in February, the average price was almost HUF 13 Million, while in the western part it was somewhat lower, HUF 11.8 Million. The square meter prices were very similar: HUF 221-225 thousand/ m2. In East-Hungary the bargain position has decreased by 4%, resulting in a minimal optional price lowering.

Prices in case of brick-built flats have also gone up when compared to February 2017. The average m2 price of brick flats in the eastern part was HUF 256 thousand, and HUF 228 thousand in the western part. The bargain position remained similar to the value experienced a year earlier.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m2 price	Change in listing price	Bargain	price	m2 price	Change in listing price	Bargain
February 2017.	9 310 000	174 000	1%	6%	10 329 000	197 000	2%	4%
February 2018.	12 700 000	225 000	1%	2%	11 800 000	221 000	1%	4%

BRICK COUNTRYWIDE								
	EAST				WEST			
	Lakásár	m2 price	Change in listing price	Bargain	price	m2 price	Change in listing price	Bargain
February 2017.	11 534 000	230 000	1%	3%	12 193 000	221 000	2%	4%
February 2018.	15 358 000	256 000	1%	3%	12 296 000	228 000	1%	5%

As far as Buda is concerned, the average m2 price of panel flats has increased by nearly HUF 100 thousand during the one-year period, in addition to which Pest also indicated a significant, HUF 50 thousand growth. The bargain position has somewhat decreased when compared to last year values.

The price of used brick flats has also presented growth since last February, only in a slower pace. Duna House measured the highest average values in the inner city (HUF 687 thousand/m2), and Buda, where the average prices were also high (HUF 666 thousand/m2). Pest side of the capital shows significantly lower average values (HUF 440 thousand/m2).

PANEL BUDAPEST												
	BUDA				PEST							
	price	m2 price	Change in listing price	Bargain	price	m2 price	Change in listing price	Bargain				
February 2017.	19 273 000	354 000	2%	4%	16 320 000	317 000	2%	3%				
February 2018.	23 492 000	436 000	1%	3%	19 267 000	371 000	1%	3%				

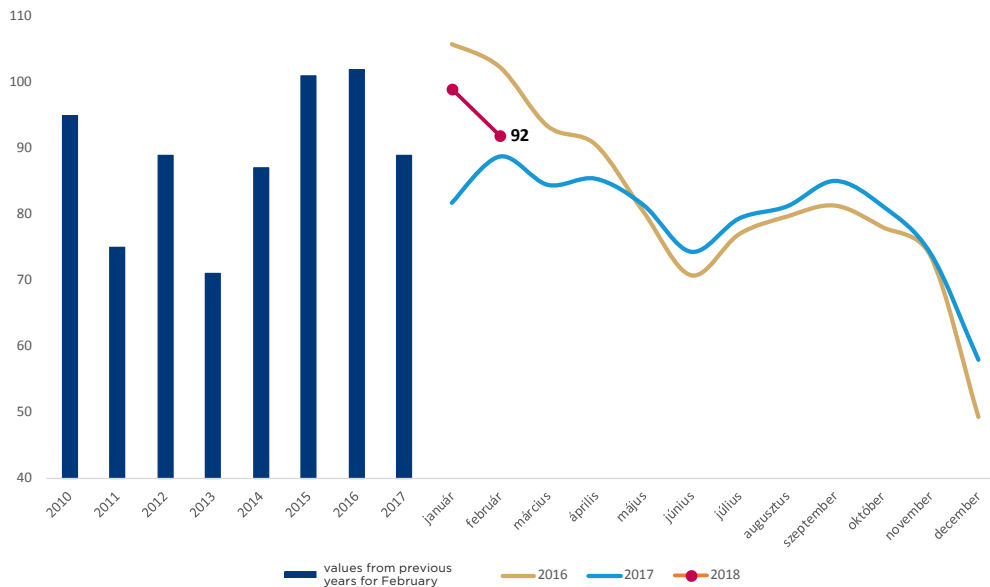
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m2 price	Change in listing price	Bargain	price	m2 price	Change in listing price	Bargain	price	m2 price	Change in listing price	Bargain
February 2017.	48 764 000	626 000	2%	3%	21 940 000	367 000	3%	4%	41 573 000	655 000	2%	5%
February 2018.	42 304 000	666 000	2%	4%	25 056 000	440 000	3%	3%	47 058 000	687 000	2%	4%

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

Methodology: Change in the listing price is the difference between the first price indicated by the seller in the Duna House assignment 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

BUYERS - DEMAND INDEX

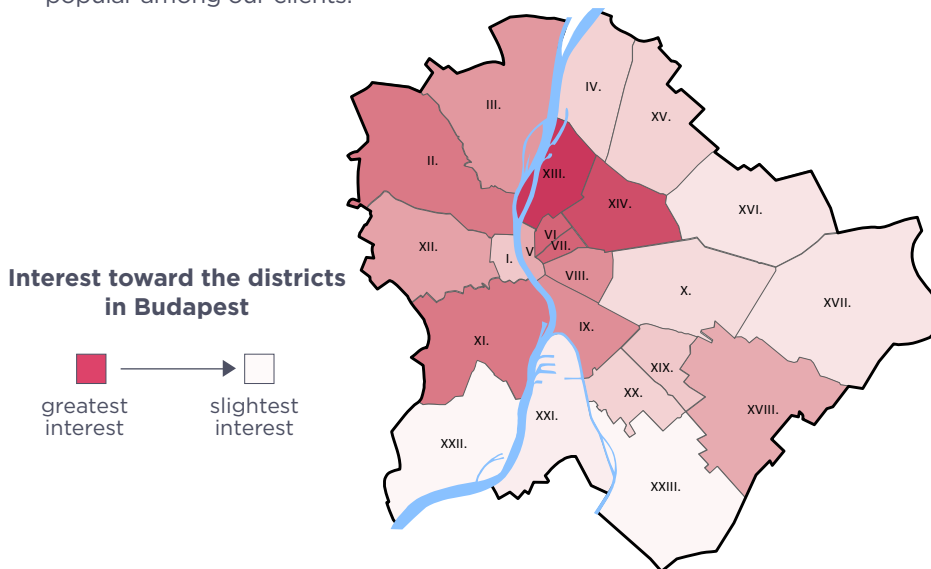
The Demand Index in February reached 92 points, which falls in between the values of last year and 2016. The values so far seem to be moving in line with the usual yearly trends, i.e. the outstanding value on the demand side in January presenting a continuous decrease until the end of the year, with a minor increase during the end of summer.



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 or future transaction numbers. The latter is a qualitative issue highly affected by market environment and available financial product.

INTEREST TOWARD THE DISTRICTS

The highest interest ratio for months now has been in relation of District 13, with this February continuing the trends as well (20.1%). District 14 came in second (18%), which was in the leading position in the same period of the previous year. In February 2018, other popular locations included Districts 6,7,9, with interest ratios above 15%. Districts 22 and 23 ended up being the least popular among our clients.



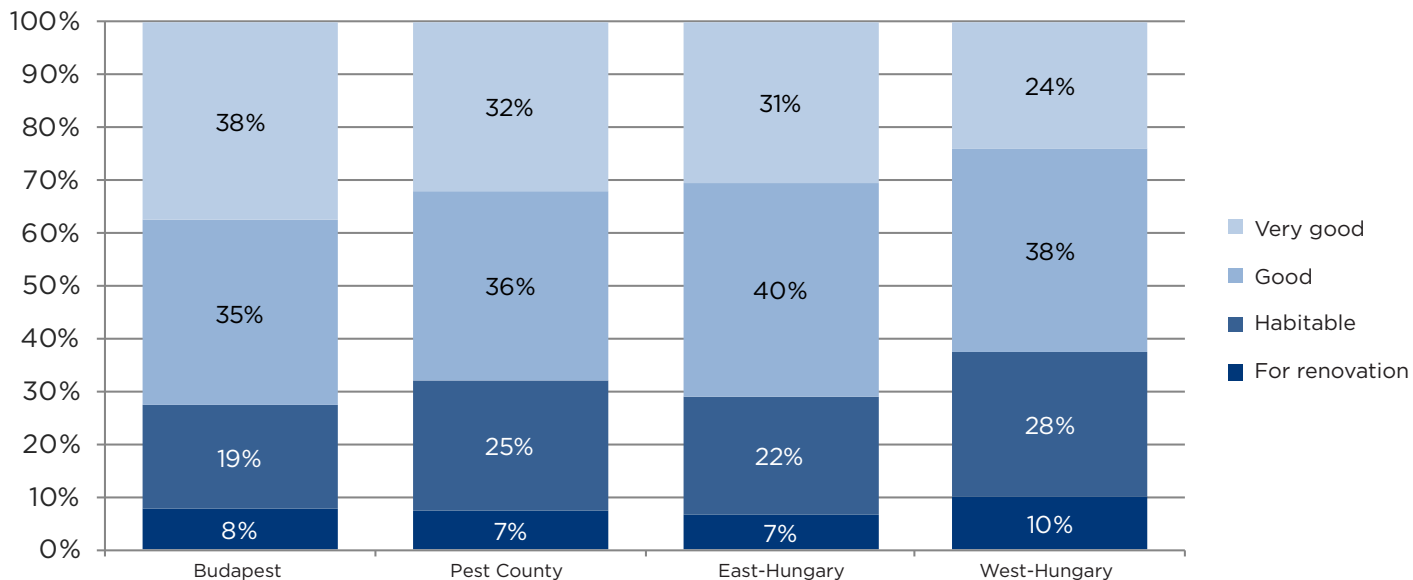
DISTRICT	FEBRUARY 2017.	FEBRUARY 2018.
Budapest 01.	6,8%	8,7%
Budapest 02.	12,0%	14,6%
Budapest 03.	9,4%	12,1%
Budapest 04.	8,4%	7,2%
Budapest 05.	10,0%	10,8%
Budapest 06.	14,4%	16,4%
Budapest 07.	15,0%	16,5%
Budapest 08.	12,4%	13,1%
Budapest 09.	12,7%	12,9%
Budapest 10.	8,4%	6,6%
Budapest 11.	15,9%	15,2%
Budapest 12.	9,6%	11,6%
Budapest 13.	17,7%	20,1%
Budapest 14.	18,4%	18,0%
Budapest 15.	7,8%	7,8%
Budapest 16.	6,2%	6,0%
Budapest 17.	5,8%	6,0%
Budapest 18.	9,2%	10,5%
Budapest 19.	8,7%	8,4%
Budapest 20.	6,8%	7,2%
Budapest 21.	4,4%	5,4%
Budapest 22.	3,6%	3,4%
Budapest 23.	2,2%	3,0%

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.

QUALITY PREFERENCE

On countrywide level the most popular quality categories in February were “good” and “very good”. The joint volume of these two categories reached 75% in certain locations. The ratio of flats for renovation is under 10%, but only 20-28% of the buyers decide in favor of “habitable” category and greater renovation need as well.



TIME NEED OF SALE

Time of sale in case of panel flats shows a very similar picture to the one a year earlier. It can, accordingly, be stated that this certain property type is generally sold within around 3 months.

When looking at brick-built flats, the time need for the sale seems to be expanding by a few months, with a general 100-140 days period. In the Pest side of the capital, even longer times are needed for the successful sale of properties.

PANEL				
Time need of sale/day				
	East	West	Buda	Pest
February 2017.	68	103	51	91
February 2018.	70	73	61	89

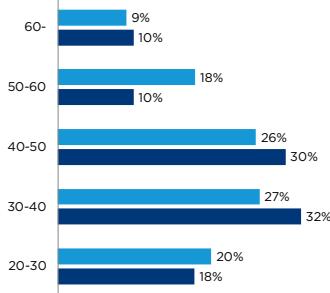
BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
February 2017.	137	138	106	165	114
February 2018.	120	138	113	176	103

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.

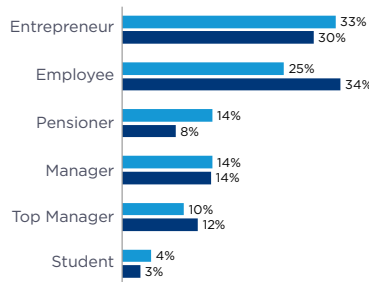
BUYER'S PROFILE BUDAPEST

When compared to the previous year, both the ratio of the 50-60, and the 20-30 age group has increased in Budapest. The highest number of buyers (27%), despite a minor decrease, belonged to the age group of 30-40. In February 2017, employees were represented in the highest number among buyers. This year, entrepreneurs are on the leading place (33%). The leading reason behind the acquisition, similarly to last year, was investment (45%). Average HUF 31.5 Million and 58 m² size properties were purchased with investment purposes.

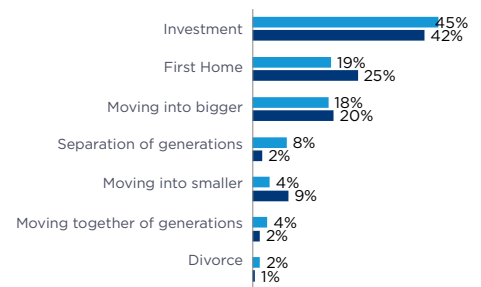
AGE OF BUYERS BP.



STATUS BP.



DRIVING REASON BP.



AGE	AVERAGE PRICE	m ²
20-30	33 849 000	68
30-40	36 581 000	66
40-50	38 398 000	82
50-60	30 981 000	66
60-	30 530 000	61

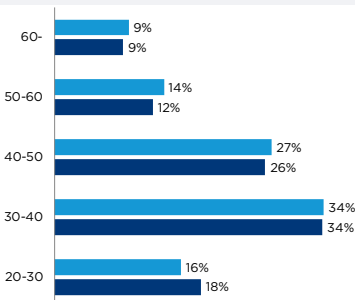
STATUS	AVERAGE PRICE	m ²
Employee	27 716 000	59
Top Manager	53 029 000	99
Manager	34 172 000	78
Pensioner	29 827 000	64
Student	24 750 000	48
Entrepreneur	45 248 000	77

SITUATION	AVERAGE PRICE	m ²
Investment	31 667 000	58
First Home	27 981 000	57
Separation of generations	26 711 000	48
Moving together of generations	93 100 000	184
Moving into smaller	23 722 000	48
Moving into bigger	42 105 000	95
Divorce	31 634 000	82

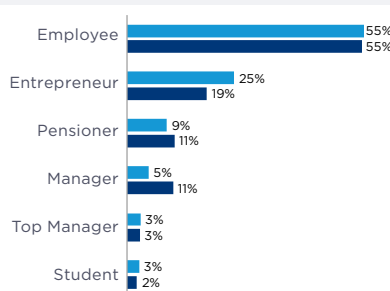
BUYER'S PROFILE ON REGIONAL LEVEL

On regional level, the most represented age group among buyers was the 30-40 both last year and this February (34%), with mostly employees in the group (55%). The leading reason behind the purchase, contrary to Budapest, was moving into a bigger property (30%), followed by investment (26%), and purchase of the first home (22%). Value of investments on regional level is much lower than in Budapest, with HUF 14 Million as an average price. On the other hand, the sizes tend to be bigger than in the capital (61 m²).

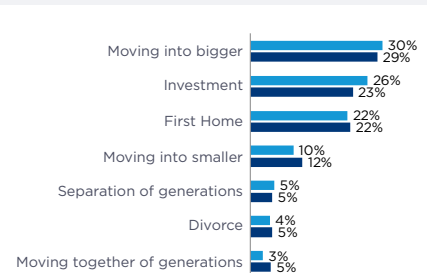
AGE OF BUYERS, REGIONAL



STATUS REGIONAL



DRIVING REASON REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	13 655 000	76
30-40	18 438 000	89
40-50	17 284 000	84
50-60	16 474 000	76
60-	14 089 000	73

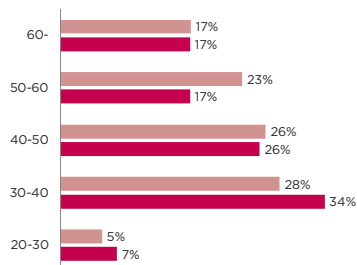
STATUS	AVERAGE PRICE	m ²
Employee	15 478 000	81
Top Manager	26 399 000	100
Manager	22 316 000	84
Pensioner	11 455 000	74
Student	14 692 000	63
Entrepreneur	18 471 000	82

SITUATION	AVERAGE PRICE	m ²
Investment	13 984 000	61
First Home	13 125 000	73
Separation of generations	14 329 000	82
Moving together of generations	19 446 000	120
Moving into smaller	17 472 000	77
Moving into bigger	22 784 000	109
Divorce	13 118 000	73

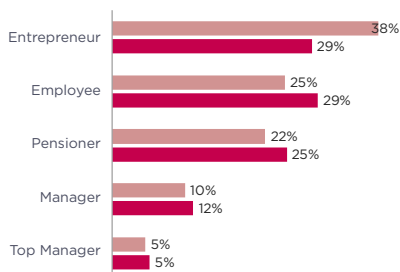
SELLER'S PROFILE BUDAPEST

Most buyers, both last and this February, fell among the 30-40 age group (34% and 28%), with the ratio of the 40-50 age group (26%), and the 50-60 group (23%) also being relatively high. Entrepreneurs were most represented among buyers (38%). Although the ratio of those moving into a smaller property has decreased during the past year, it still remained the leading reason (34%). Those moving into a bigger property sold HUF 34 Million value and 64 m² size properties on average. The sales data of sold properties purchased originally for investment is a new analysis element. Its ratio was 12% this February, and showed HUF 38 Million value properties on average.

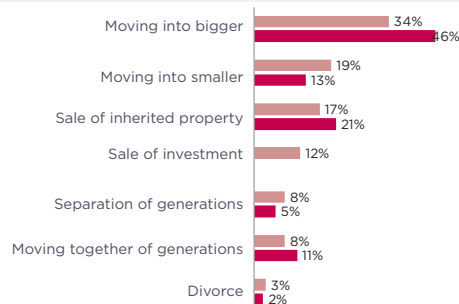
AGE OF SELLERS BP.



STATUS BP.



DRIVING REASON BP.



AGE	AVERAGE PRICE	m ²
20-30	27 267 000	45
30-40	34 014 000	71
40-50	34 601 000	64
50-60	37 641 000	73
60-	33 770 000	87

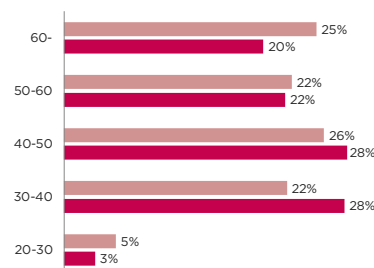
STATUS	AVERAGE PRICE	m ²
Employee	25 268 000	59
Top Manager	44 930 000	81
Manager	55 399 000	86
Pensioner	32 714 000	90
Entrepreneur	46 013 000	85

SITUATION	AVERAGE PRICE	m ²
Sale of investment	37 971 000	81
Separation of generations	52 850 000	100
Moving together of generations	45 113 000	95
Moving into smaller	33 770 000	83
Moving into bigger	34 367 000	64
Sale of inherited property	25 889 000	68
Divorce	22 467 000	58

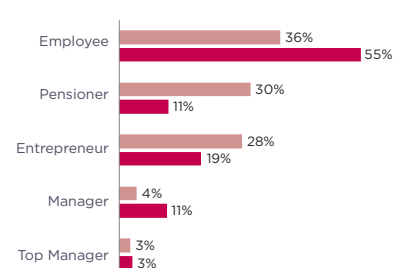
SELLER'S PROFILE ON REGIONAL LEVEL

On regional level the ratio of older generations on the seller side is higher than in Budapest, with the ratio of pensioners is significant (30%). The leading reason behind the sale is moving into a bigger property (32%), but on regional level many are selling inherited property as well (27%). Those moving into a bigger property sell their properties for HUF 16 Million on average, while inherited properties were sold for HUF 11 Million on average. On regional level, the ratio of those selling a property originally purchased for investment is only 2%.

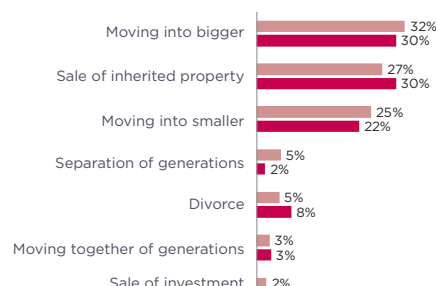
AGE OF SELLERS REGIONAL



STATUS REGIONAL



DRIVING REASON REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	16 074 000	72
30-40	17 121 000	82
40-50	18 617 000	89
50-60	16 121 000	85
60-	14 558 000	84

STATUS	AVERAGE PRICE	m ²
Employee	14 482 000	81
Top Manager	25 528 000	112
Manager	22 850 000	92
Pensioner	13 890 000	84
Entrepreneur	23 032 000	89

SITUATION	AVERAGE PRICE	m ²
Sale of investment	21 126 000	72
Separation of generations	14 594 000	88
Moving together of generations	15 032 000	83
Moving into smaller	20 666 000	115
Moving into bigger	16 086 000	69
Sale of inherited property	10 902 000	80
Divorce	16 743 000	104



DUNA HOUSE®

H-1016 Budapest,
Gellerthegy str. 17.

Phone: +36-1/555-2222

Fax: +36-1/555-2220

www.dh.hu