

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

83. issue

May 2018.



DHS
BÉT
**PRIME
MARKET**

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the Budapest Stock Exchange

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FORTHCOMING ISSUES

Date of issue	Content
July 12. 2018.	2018. Q1-2 data (including price indexes)
August 13 2018.	July data
September 12 2018.	August data

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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.



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EXECUTIVE SUMMARY

Unsold properties, stagnating prices and decreasing demand – just one or two among the leading headlines from the past few months for the news-reading audience. Square meter prices reaching Million HUF, calls for bid and new directions in the agglomeration are also among the latest reports. Where is the truth or what is the difference? Why is the understanding of the property market so complicated?

When looking at residential properties, as the most complex field of the market, also the hardest to model, it is advised to stick to facts and numbers instead of intuitions. Although it is useful to monitor the tendencies of smaller fields or the changing tendencies of a certain location, the information shall not be used for the entire country in general. When analyzing data, we, here at Duna House, always stick to this strict direction and publish our conclusions and results based on real market data. With the information in mind, let's see what we have experienced this May.

The demand index, following a boom at the beginning of the year, has dropped in a much lighter volume and shows a stagnating value. Data from this May indicates the strongest demand of the past years, which can be the result of several factors. Favorable loan options and government initiatives are directing new potential clients towards the property market, who, on the other hand, take longer time when finding their new homes as the prices are higher. This is well detected in the time need for sale. In case of less expensive panel, brick-built flats and houses outside Budapest, the time need for sale has decreased, and is generally 2-3 months.

Number of transactions, despite the tightening market environment, is breaking records from month to month, and confirms forecasts for the year, according to which the number of sold and purchased properties is increasing in Hungary. There has been a lot of information in relation of prices; one interesting fact is that the average m2 price of panel flats in May was above HUF 200 thousand in all regions, in addition to which panel flats in the capital, both in Buda and Pest, were sold in the above HUF 20 Million average price range.

Further information

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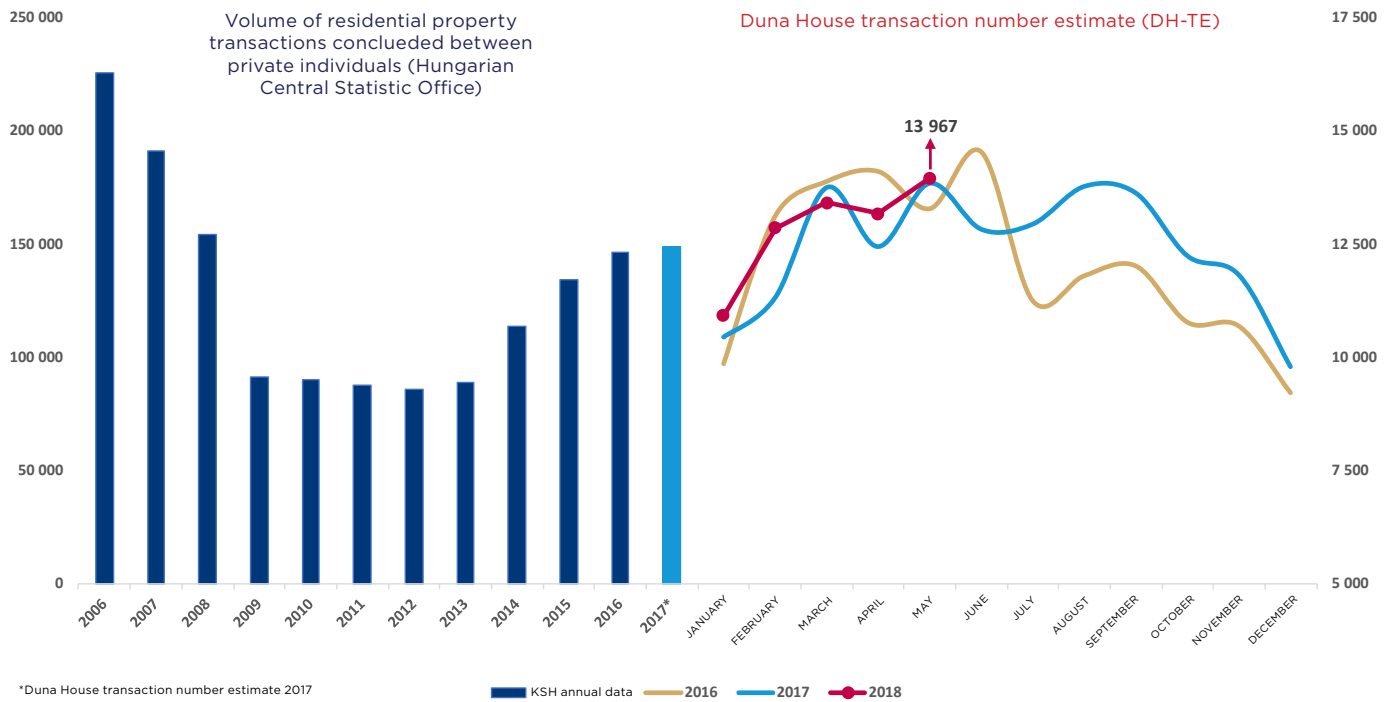
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TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

According to Duna House estimates, record volume of property transactions was completed on a countrywide level in May again. The nearly 14 thousand number accounts for the highest sales and purchase volume of the past 5 years. Total transaction volume of the first 5 months of the year reaches 65 thousand, which shows a 4% increase when compared to the previous year. So far this spring, the property turnover has exceeded 13 thousand in each month, which forecasts a strong summer, similar to last year, according to DH experts.



The below table shows monthly transaction volume estimates by Duna House, prepared in the current 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	13 426	13 180	13967							



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.

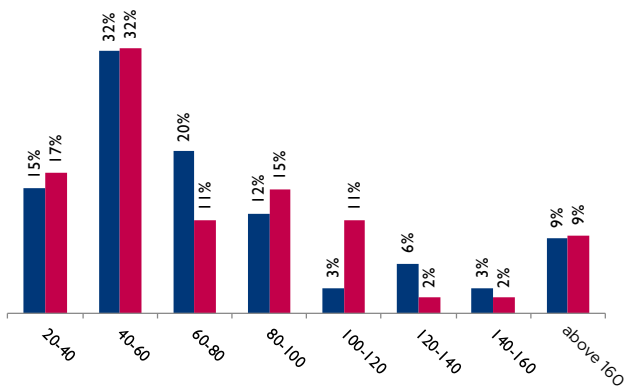
Please note that DH-TE data is not appropriate for defining the volume of transactions brokered by Duna House!

TRANSACTION PARAMETERS IN BUDAPEST

Preference of buyers in means of property size has remained the same as last year, but the most popular category was also the 40-60 M2 on the Pest side. The average price/m2 has, on the contrary, undergone drastic changes – in Buda, the ratio of properties sold for above HUF 600 thousand/m2 decreased by 20 percent, which category represents the highest ratio among transactions in Pest as well.

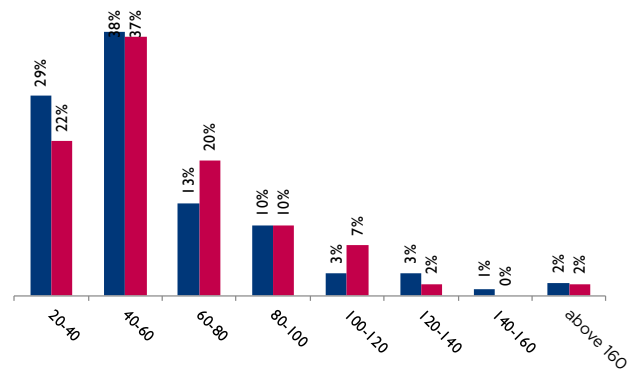
BUDA

Size (m²)

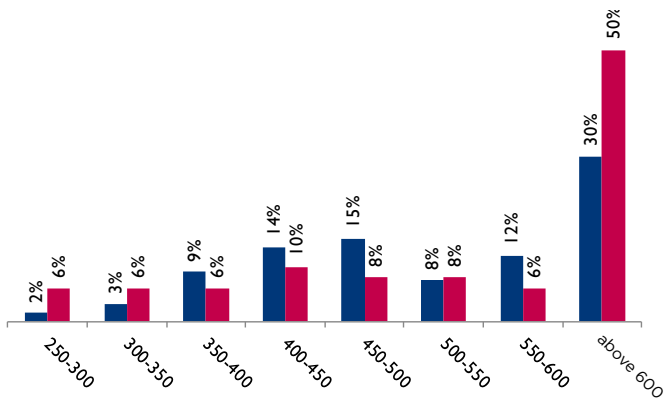


PEST

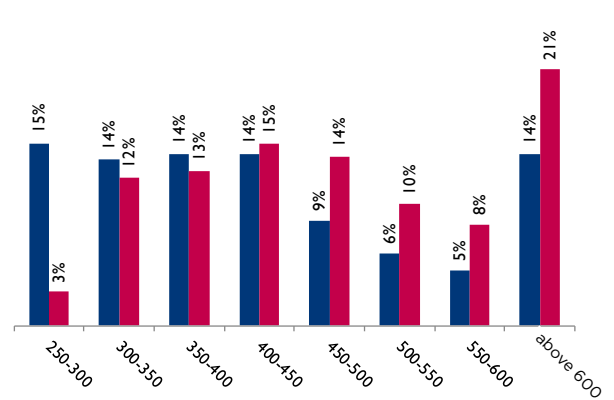
Size (m²)



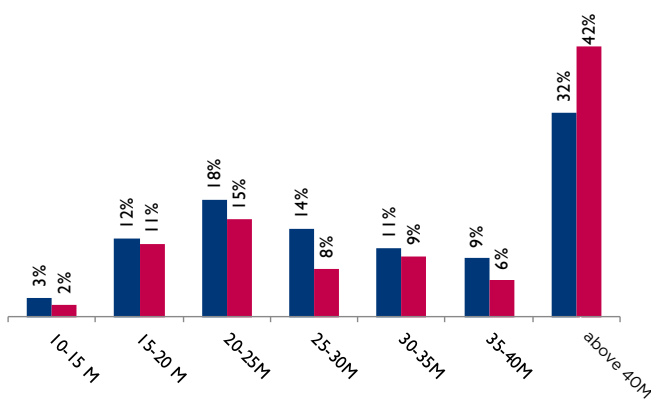
m² price (HUF thousand)



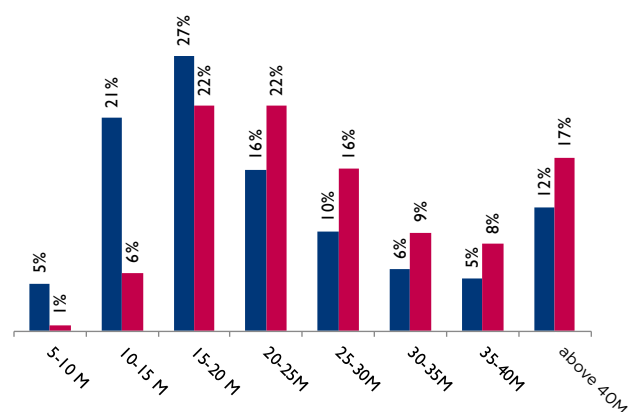
m² price (HUF thousand)



Price (HUF Million)



Price (HUF Million)



■ May 2017
■ May 2018

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

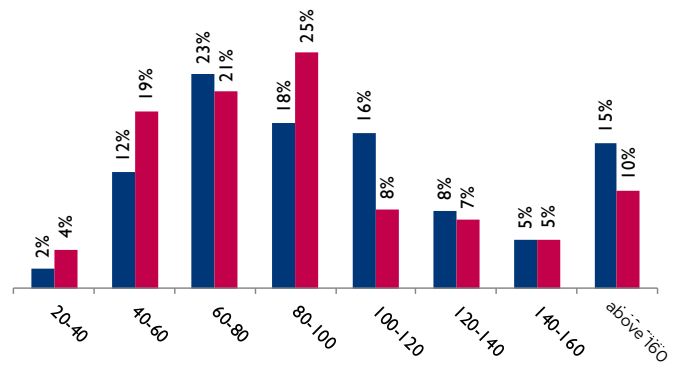
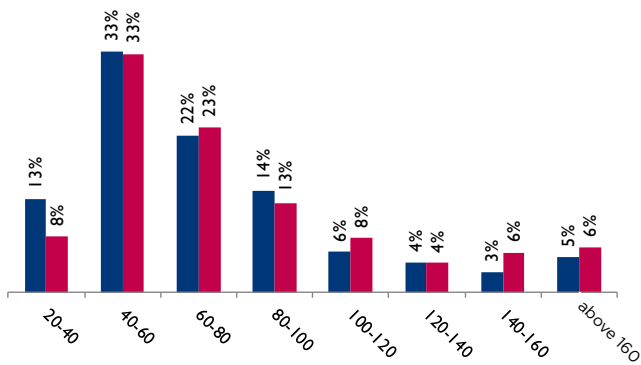
When compared to Budapest, it is still much less expensive to acquire a property outside Budapest. 83% of all transactions was carried out in the price range of under HUF 300 thousand/m² in regions outside Central-Hungary, with Pest County presenting only a few points lower result.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

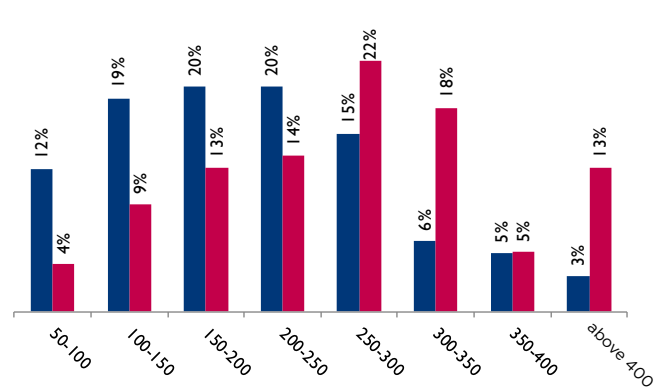
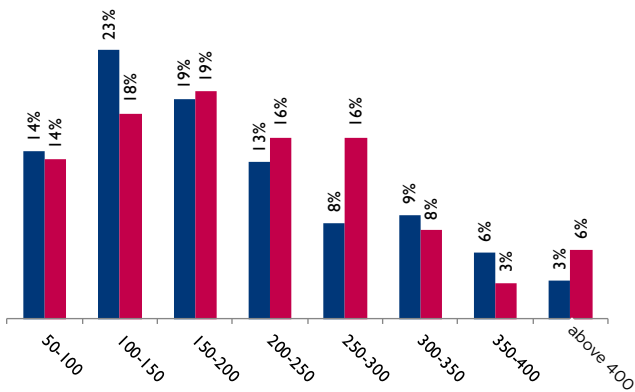
Size (m²)

Size (m²)



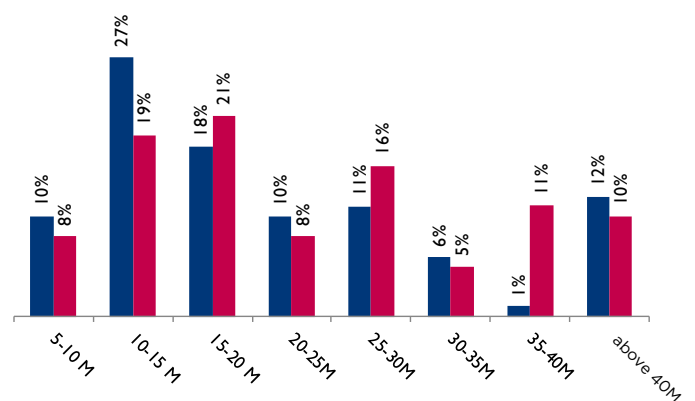
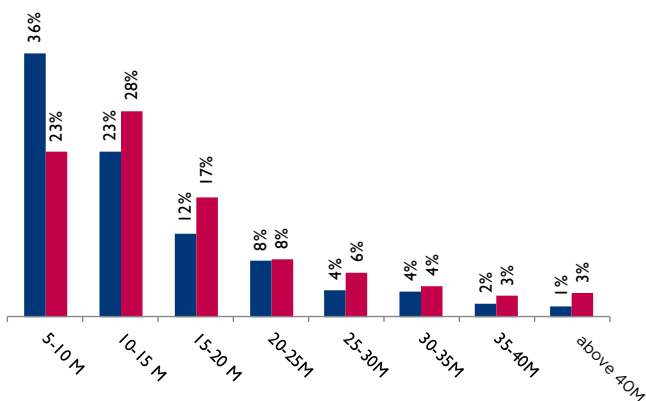
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ May 2017
■ May 2018

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

The average selling price, as well as the m2 size of panel flats has increased on countrywide level. While the average m2 price was under HUF 200 thousand last May, this year it is well above that level. A very similar picture is seen when looking at used brick-built flats, even though there has been a minor decrease in the western part of the country; the rest of the country shows stagnation in May. Sellers lowered their prices in very few cases, but –depending on the type and area-, settled with a 3-5% lower price eventually.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
May 2017.	9 614 000	194 000	1%	4%	8 462 000	165 000	1%	5%
May 2018.	13 640 000	243 000	2%	5%	11 910 000	215 000	1%	3%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
May 2017.	12 000 000	204 000	1%	2%	13 641 000	249 000	2%	3%
May 2018.	14 425 000	266 000	2%	4%	13 399 000	245 000	1%	4%

In Buda the m2 price of panel flats has nearly reached HUF 500 thousand, with Pest also exceeding HUF 400 thousand this year. The price of brick-built flats ended up being even higher in May, reaching HUF 600 thousand in Buda, HUF 500 thousand in Pest, and nearly HUF 700 thousand in the Inner City. Bargain potential was similar to the regionally measured values, i.e. buyers were able to achieve 3-4% lower prices than the original target price.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
May 2017.	18 375 000	345 000	1%	4%	18 395 000	308 000	2%	3%
May 2018.	23 817 000	481 000	3%	4%	21 380 000	404 000	1%	3%

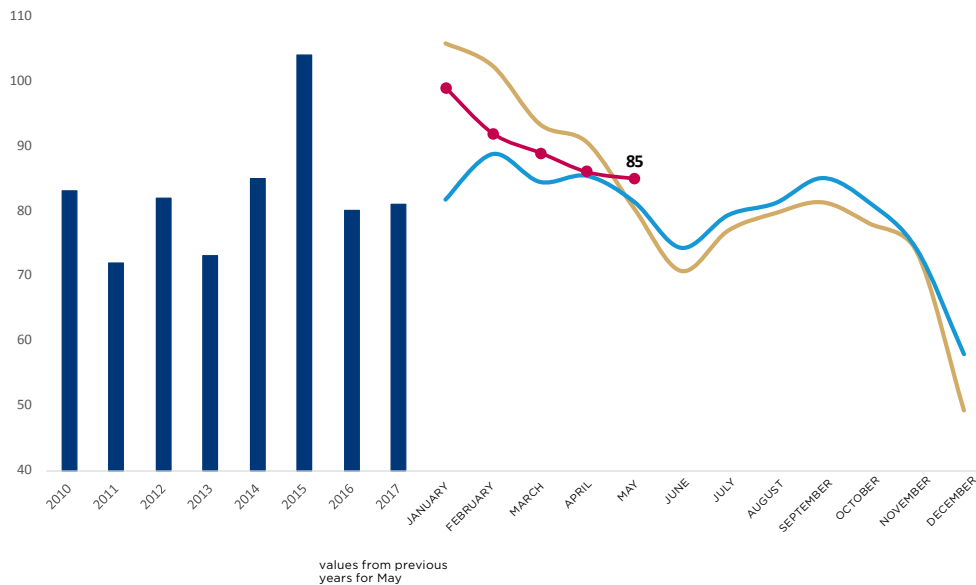
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
May 2017.	37 123 000	564 000	3%	2%	22 637 000	421 000	3%	3%	42 790 000	683 000	3%	5%
May 2018.	39 620 000	602 000	1%	4%	27 503 000	499 000	1%	3%	43 189 000	684 000	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 this May shows higher values than in the previous two years. The interest has basically stagnated since April, and a stronger May data was seen in 2015 only.

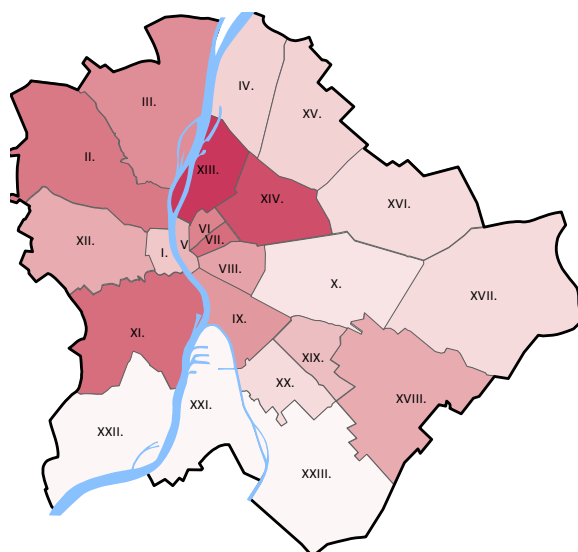
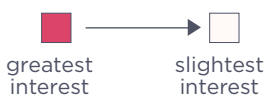


Methodology behind Demand Index: The basis of the estimate is the activity registered by our agents in various, mainly major cities and Duna House offices. Corrections are made depending on the number of active agents and working days. The Demand Index is an important indication of buyer side's reactions 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 most popular location in Budapest is still district 13, followed by Zugló, which is the same as in 2017. This May, district 11 reached the third place, which went to district 7 one year before. Despite the increasing prices in the inner areas, the interest toward outer districts has not grown significantly.

Interest toward the districts in Budapest



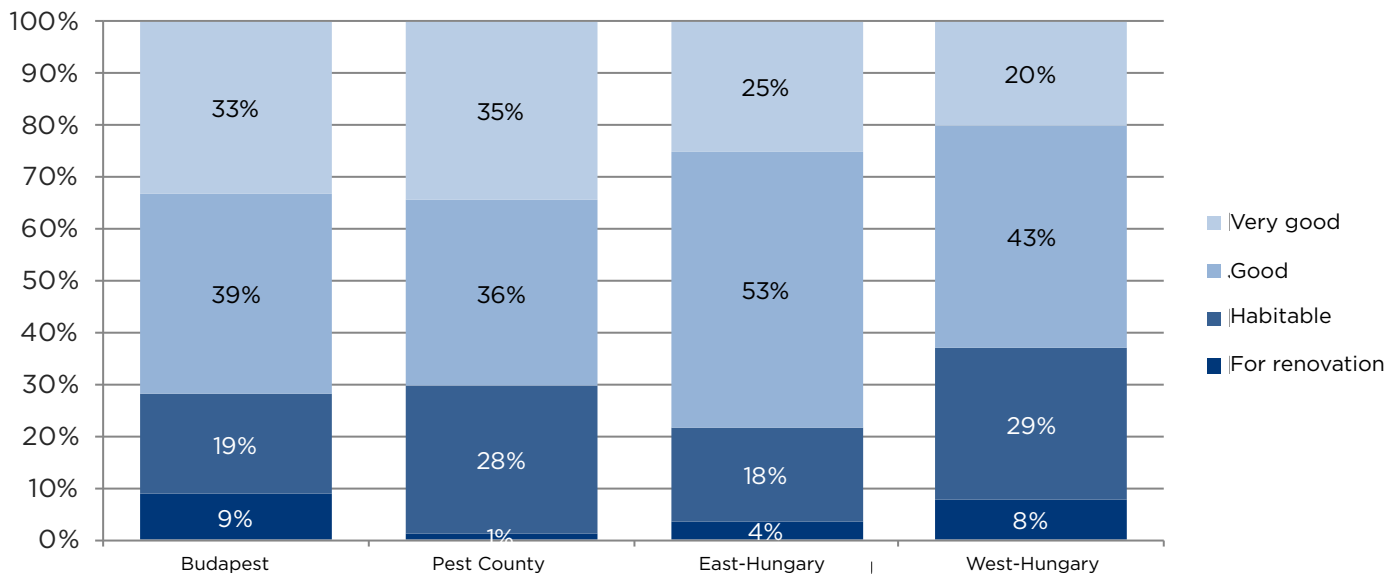
DISTRICT	MAY 2017.	MAY 2018.
Budapest 01.	6,7%	7,8%
Budapest 02.	11,5%	14,7%
Budapest 03.	11,5%	12,9%
Budapest 04.	7,9%	7,3%
Budapest 05.	10,5%	10,0%
Budapest 06.	14,5%	13,8%
Budapest 07.	15,0%	15,2%
Budapest 08.	11,3%	11,6%
Budapest 09.	12,4%	11,9%
Budapest 10.	7,5%	5,8%
Budapest 11.	14,1%	15,5%
Budapest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

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

In Budapest, 72% of acquisitions includes good quality properties, next to which 19% of buyers choose habitable class, and 9% a property for renovation. In East-Hungary the ratio of those buying a property with minor renovation need was even higher. On the other hand, in West-Hungary 37% of the transactions included lower quality class properties.



TIME NEED OF SALE

In May 2018, the time need for sale shows a versatile picture depending on the location and type of property. While panel flats were sold within 2-2,5 months, the time need in case of brick-built flats –as a result of higher prices– was on the range between 3-4 months.

PANEL				
Time need of sale/day				
	East	West	Buda	Pest
May 2017.	79	100	68	104
May 2018.	71	60	56	56

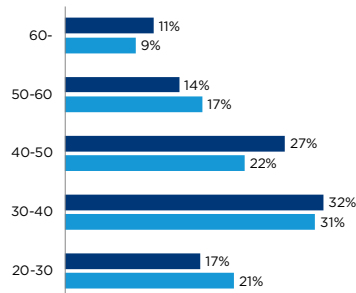
BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
May 2017.	149	137	147	136	124
May 2018.	103	115	114	121	114

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BUYER'S PROFILE BUDAPEST

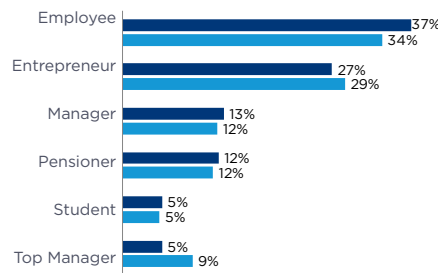
In Budapest, the highest ratio of buyers is still those with investment purposes (31%), even though in comparison with last May, the volume of investors is lower. The price of properties acquired for investment is above HUF 40 Million, which is a sum experienced only in case of buyers moving into a bigger property.

AGE OF BUYERS BP.



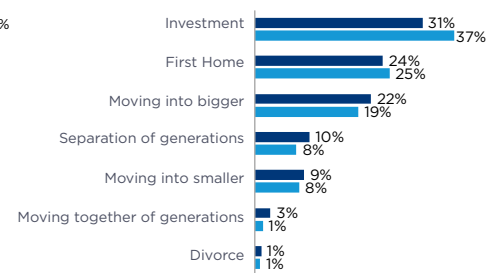
AGE	AVERAGE PRICE	m ²
20-30	32 662 000	65
30-40	34 517 000	69
40-50	35 047 000	69
50-60	37 018 000	64
60-	32 743 000	69

STATUS BP.



STATUS	AVERAGE PRICE	m ²
Employee	26 850 000	61
Top Manager	44 543 000	74
Manager	30 571 000	56
Pensioner	31 668 000	68
Student	34 598 000	70
Entrepreneur	50 146 000	81

MOTIVATION BP.

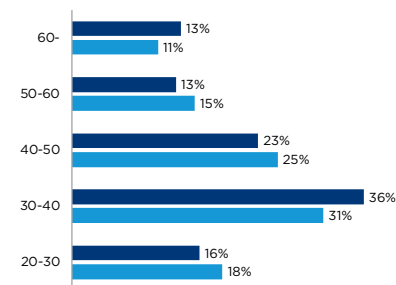


SITUATION	AVERAGE PRICE	m ²
Investment	41 310 000	67
First Home	26 514 000	60
Separation of generations	26 575 000	56
Moving together of generations	34 500 000	86
Moving into smaller	29 272 000	55
Moving into bigger	40 954 000	86
Divorce	24 350 000	57

BUYER'S PROFILE ON REGIONAL LEVEL

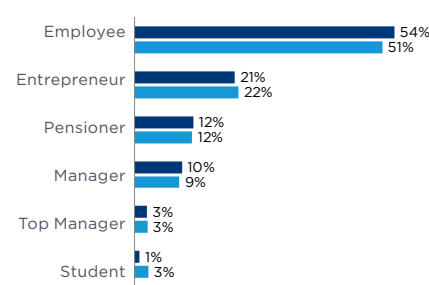
On regional level, the ratio of those moving into a bigger property or buying their first home has grown since last year. On the contrary, the ratio of investment purpose transactions has fallen back to the third place. Average prices outside Budapest are way behind the prices of the capital, with the size of properties being larger with tens of square meters in certain cases

AGE OF BUYERS, REGIONAL



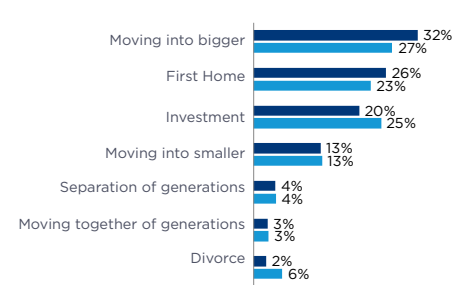
AGE	AVERAGE PRICE	m ²
20-30	15 537 000	76
30-40	20 156 000	94
40-50	16 800 000	87
50-60	20 346 000	88
60-	15 638 000	74

STATUS REGIONAL



STATUS	AVERAGE PRICE	m ²
Employee	16 012 000	83
Top Manager	33 523 000	119
Manager	21 464 000	84
Pensioner	14 192 000	76
Student	18 300 000	49
Entrepreneur	20 843 000	101

MOTIVATION, REGIONAL

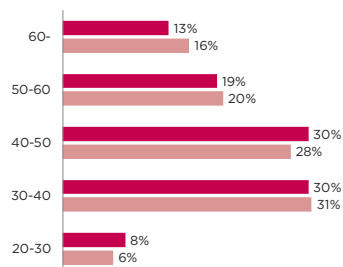


SITUATION	AVERAGE PRICE	m ²
Investment	17 470 000	77
First Home	16 053 000	75
Separation of generations	14 138 000	68
Moving together of generations	24 034 000	149
Moving into smaller	13 421 000	64
Moving into bigger	23 395 000	111
Divorce	15 278 000	68

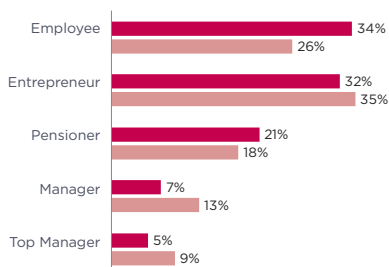
SELLER'S PROFILE BUDAPEST

In May, the ratio of those outgrowing their home has increased. These sellers have sold their properties for a HUF 30 Million average price. The ratio of sellers giving away their property originally acquired for investment is still 4%. The average price of properties of this type was HUF 41.5 in May.

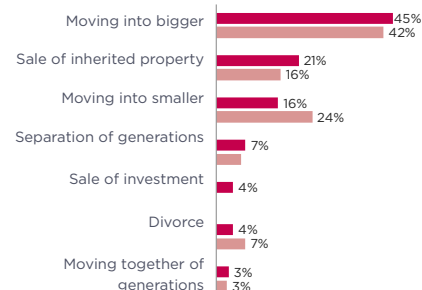
AGE OF SELLERS BP.



STATUS BP.



MOTIVATION BP.



AGE	AVERAGE PRICE	m ²
20-30	28 494 000	64
30-40	30 710 000	62
40-50	32 757 000	61
50-60	32 805 000	74
60-	39 891 000	82

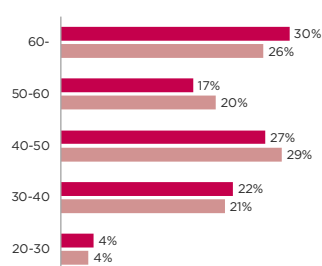
STATUS	AVERAGE PRICE	m ²
Employee	24 452 000	55
Top Manager	62 834 000	94
Manager	29 525 000	62
Pensioner	30 838 000	73
Entrepreneur	39 709 000	75

SITUATION	AVERAGE PRICE	m ²
Sale of investment	41 450 000	69
Separation of generations	42 715 000	95
Moving together of generations	58 667 000	92
Moving into smaller	50 994 000	113
Moving into bigger	29 966 000	59
Sale of inherited property	26 905 000	61
Divorce	30 250 000	60

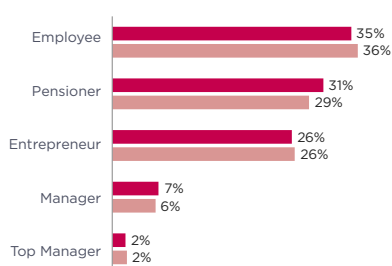
SELLER'S PROFILE ON REGIONAL LEVEL

As far as the motivation behind the sale is concerned, we see a similar situation on regional level too. Average prices on the other hand are around half of the prices in Budapest. Those moving into a bigger property have, on average, received HUF 16.5 Million, while in Budapest the same group of sellers sold their property for HUF 30 Million.

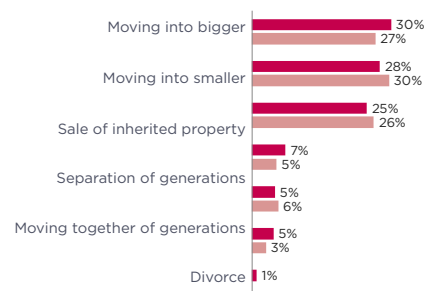
AGE OF SELLERS, REGIONAL



STATUS REGIONAL



MOTIVATION, REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	16 025 000	66
30-40	17 934 000	75
40-50	20 271 000	88
50-60	18 794 000	95
60-	15 205 000	94

STATUS	AVERAGE PRICE	m ²
Employee	15 669 000	81
Top Manager	22 675 000	91
Manager	18 542 000	91
Pensioner	14 799 000	89
Entrepreneur	24 711 000	99

SITUATION	AVERAGE PRICE	m ²
Separation of generations	27 161 000	137
Moving together of generations	15 617 000	82
Moving into smaller	22 149 000	122
Moving into bigger	16 451 000	66
Sale of inherited property	12 714 000	81
Divorce	17 734 000	95



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