

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

86. issue

2018. AUGUST



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BÉT
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FORTHCOMING ISSUES

Date of issue	Content
October 12, 2018.	2018. Q3 data (including price indexes)
November 12, 2018.	October data
December 12, 2018.	December 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

By the end of summer it is clearly visible that the real estate market is presenting a much more even tendency than usual in means of seasonality. The turnover in August was stronger than in the previous two years, with its 80 point value of the demand index, indicating significant interest. The time need of sale -when compared to the same period of the previous year- has continued to decrease, resulting in less than two months in case of panel flats regardless of the location on countrywide level. In case of brick flats, it is between 3-3.5 months depending on the location, with Budapest center being among the slowest ones, partly as a result of high prices.

In the capital, it is worthwhile taking a closer look at Buda. On one side, property prices have significantly increased in Buda districts. On the other hand, the demand is still high in Districts 2 and 3. In the latter there are several newly-built projects attracting buyers –including Duna House’s own projects (MyCity Residence, Forest Hill), while the high prestige properties in District 2 are very popular among Hungarian and foreign buyers as well. As a result, the average m2 price on the Buda side is by now above HUF 500 thousand for panel flats, and soon reaches HUF 700 thousand for brick flats. Bargain potential is better in the latter case, being twice as high as last year, reaching even 4%.

Government measures introduced on the housing loan market, in line with the seasonally stronger autumn, may indicate further changes in the months to come.

Further information

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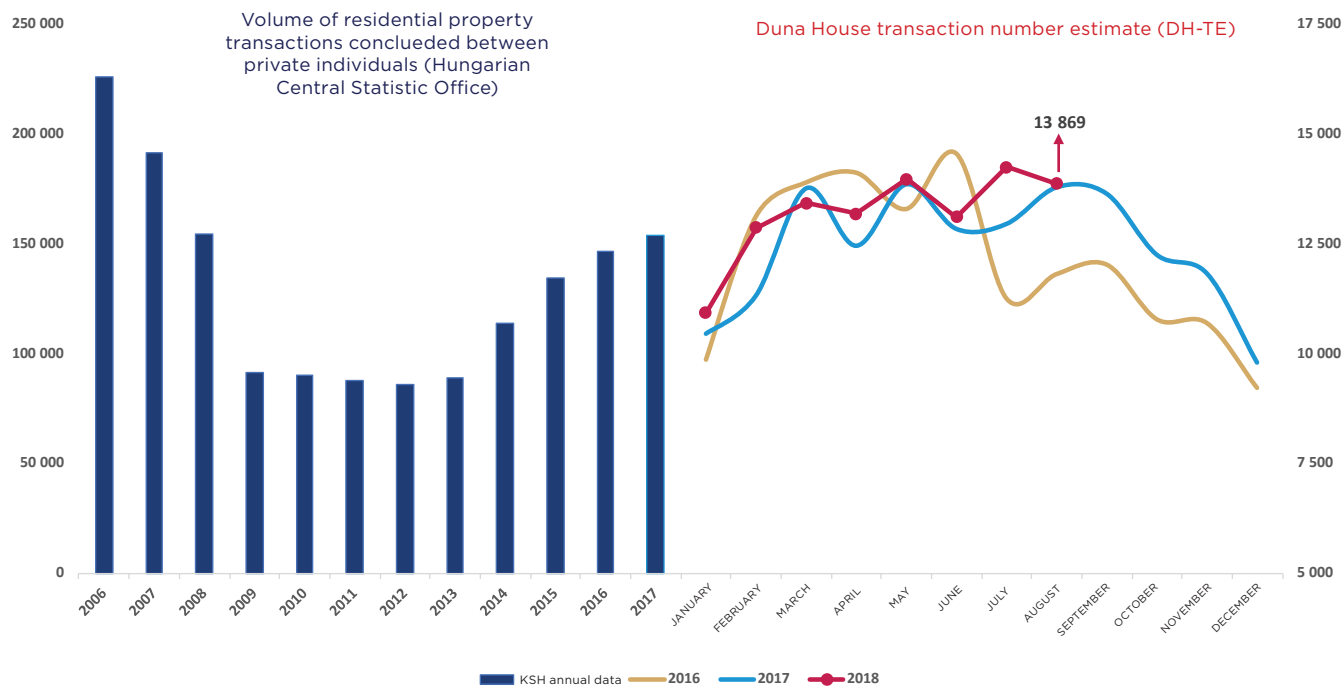
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TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

In accordance with Duna House monthly Transaction Number Estimate, 13 869 property sale and purchase transactions took place in August 2018 countrywide. With its 14 thousand sale and purchase transactions in August, the Hungarian real estate market has crossed the 100 thousand limit, as in the first eight months of the year 105 573 properties were sold/purchased in total. Between 2009 and 2013 the total volume of transactions was lower in relation of the whole year. This August's data is not a declining one, as the market has closed a strong summer month, similarly to the previous year, accounting for a 17% increase when compared to 2016 values.



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	13 967	13 098	14 246	13 869				



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.

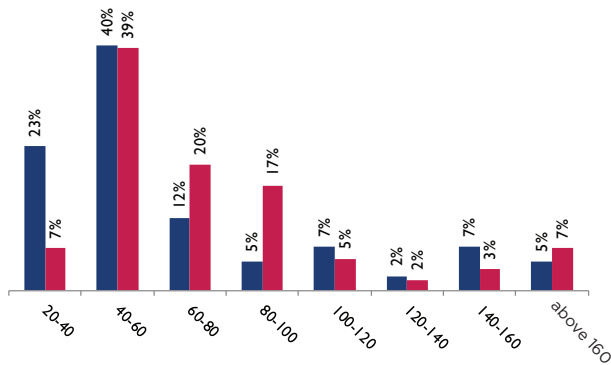
Please note that DH-TE data is not appropriate for defining the volume of transactions brokered by Duna House!

TRANSACTION PARAMETERS IN BUDAPEST

As a clear indicator of rising prices, the highest m² category led the statistics in August both in Buda and Pest. In Buda, exactly half of the properties was sold for more than HUF 750 thousand/m², while in Pest 33% was sold above HUF 600 thousand/m². As far as property size is concerned, the most popular category in Buda is still the 40-60 m², whereas in Pest in August the 20-40 m² turned out to be the most demanded. The volume of sold flats above the “generally accepted” upper limit of HUF 30 Million has accounted for 59% of flats in Buda, and 31% in Pest.

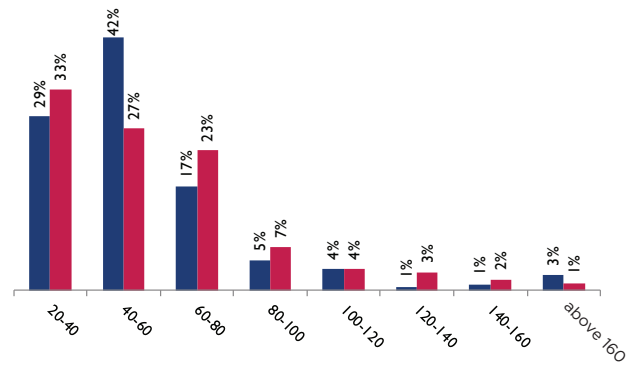
BUDA

Size (m²)

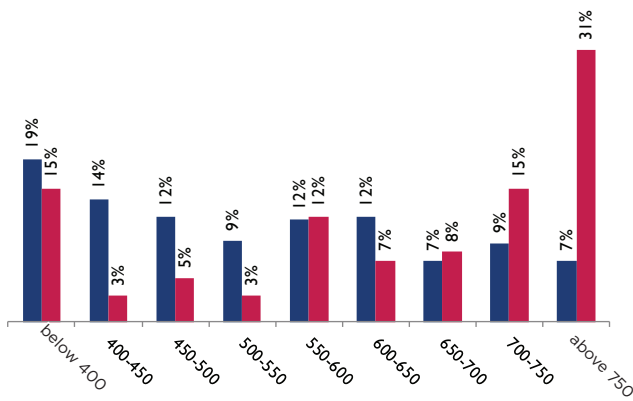


PEST

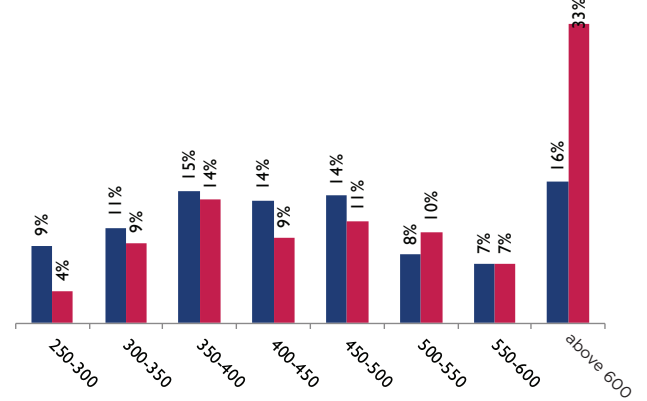
Size (m²)



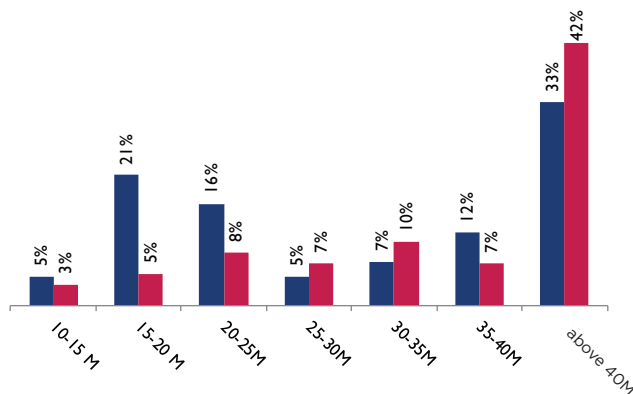
m² price (HUF thousand)



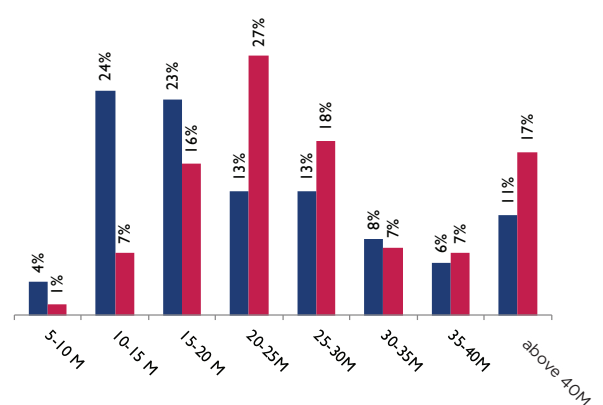
m² price (HUF thousand)



Price (HUF Million)



Price (HUF Million)



■ August 2017.
■ August 2018.

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

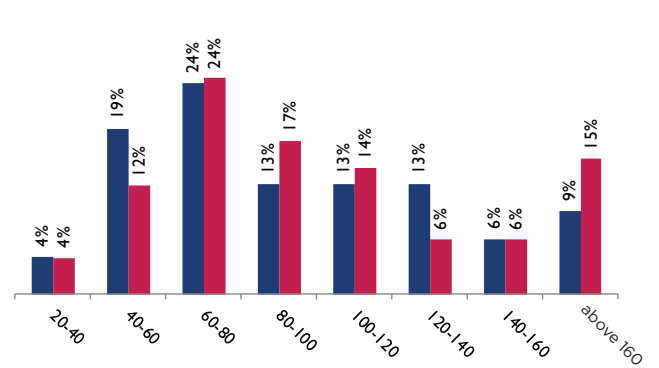
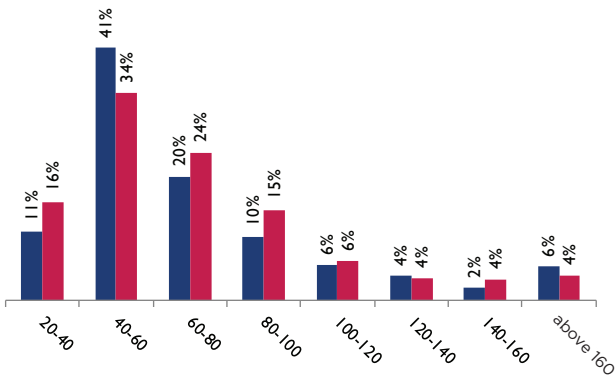
Pest County has gone way ahead the countrywide average in relation of both price and m2 size. While 31% of properties around the capital are above HUF 30 Million already, the same price accounts for 10% on countrywide level. In means of property size the sales volume has increased in the categories between 60 and 100 m2 in Pest County and on countrywide level as well.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

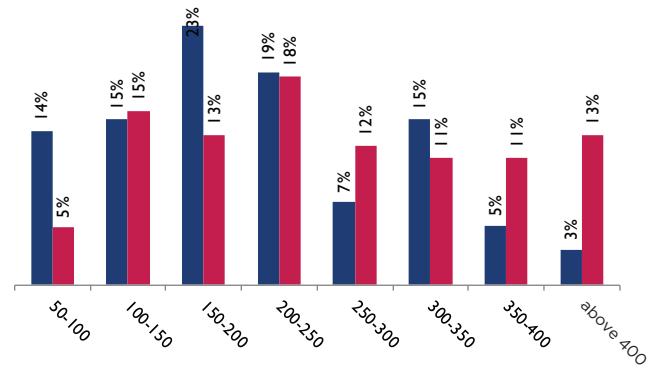
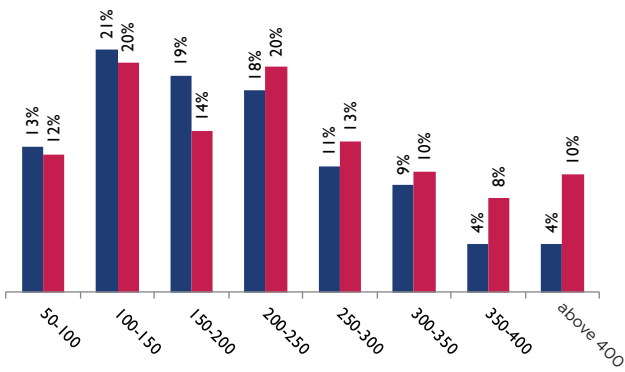
Size (m²)

Size (m²)



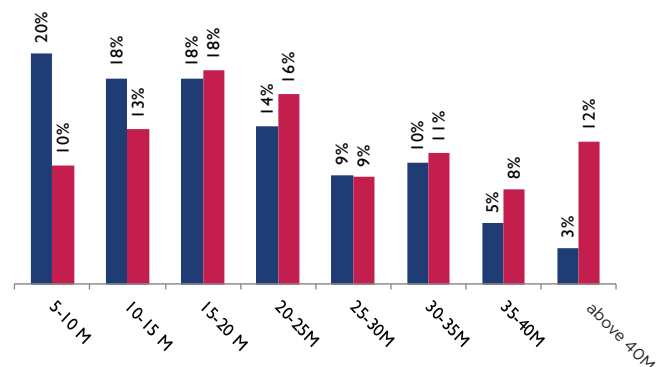
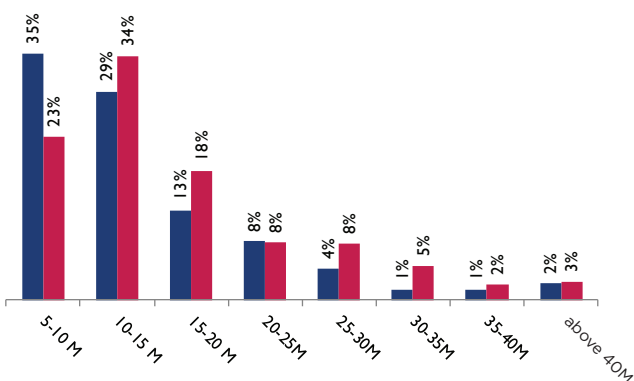
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ August 2017.
■ August 2018.

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

In the eastern part of the country the average price of panel flats increased by HUF 1.5 Million. In the western side the price increase reached HUF 1 Million. Bargain potential remained the same, showing 4% in case of panel flats, and 2% for brick flats. In case of brick flats, the eastern part of the country presents m2 prices exceeding HUF 300 thousand, with nearly HUF 17 Million average property value.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
August 2017.	11 212 000	211 000	1%	4%	10 545 000	208 000	1%	3%
August 2018.	12 831 000	261 000	1%	4%	11 360 000	238 000	1%	3%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
August 2017.	15 910 000	288 000	1%	2%	14 109 000	241 000	2%	4%
August 2018.	16 769 000	302 000	2%	2%	12 900 000	278 000	1%	4%

Property market in Budapest experiences a greater price increase on the Buda side. In case of panel flats the average m2 price is above HUF 500 thousand, and soon reaches HUF 700 thousand for brick flats. Bargain potential is better in the latter case, being twice as high as last year, reaching even 4%.

Pest remains unchanged; we see rising prices in case of both panel and brick flats, next to a 3% average bargain.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
August 2017.	19 122 000	365 000	1%	2%	16 944 000	321 000	2%	3%
August 2018.	25 383 333	512 000	3%	3%	22 225 000	428 000	2%	3%

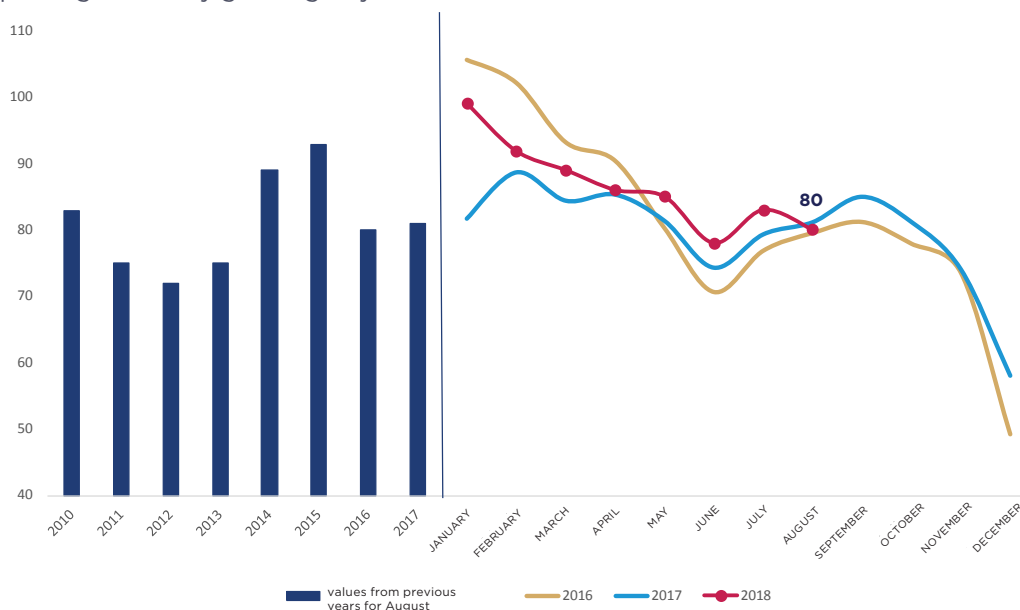
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
August 2017.	34 809 000	576 000	3%	2%	21 733 000	445 000	3%	3%	31 596 000	597 000	3%	5%
August 2018.	51 107 000	698 000	2%	4%	25 361 000	523 000	2%	3%	44 414 000	685 000	3%	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

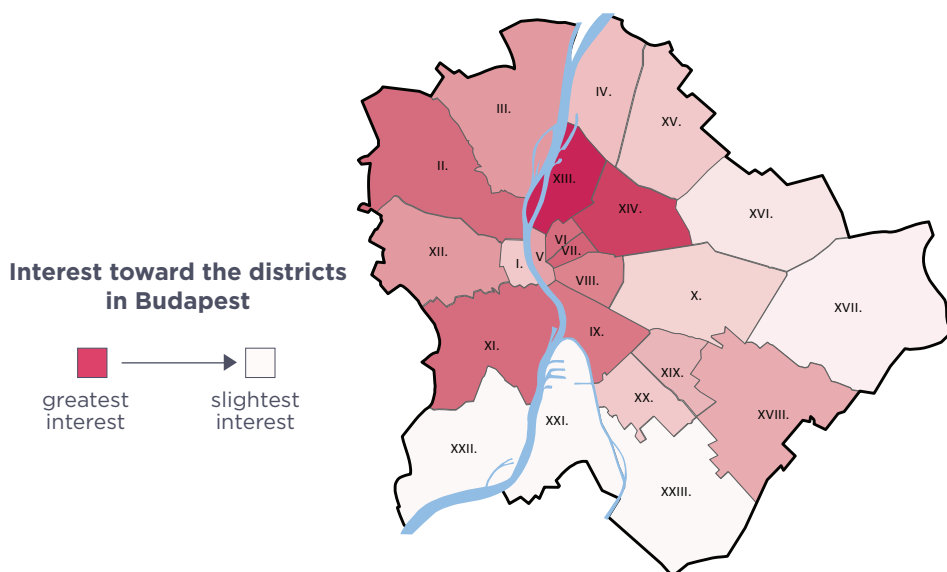
Following a very strong July, the demand index had fallen back to the expected summer value, experienced in the past three years as well. With its 80 point value it is still stronger than July this year. With the autumn coming, experts are expecting a steadily growing buyer's demand.



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

Angyalföld and Zugló are still the leaders on the district popularity list, followed by Districts 6 and 7. Buda's District 2 is getting more popular, demanded by more now than in the last or in the previous year. The interest toward the most expensive location -District 5.-in August has declined.



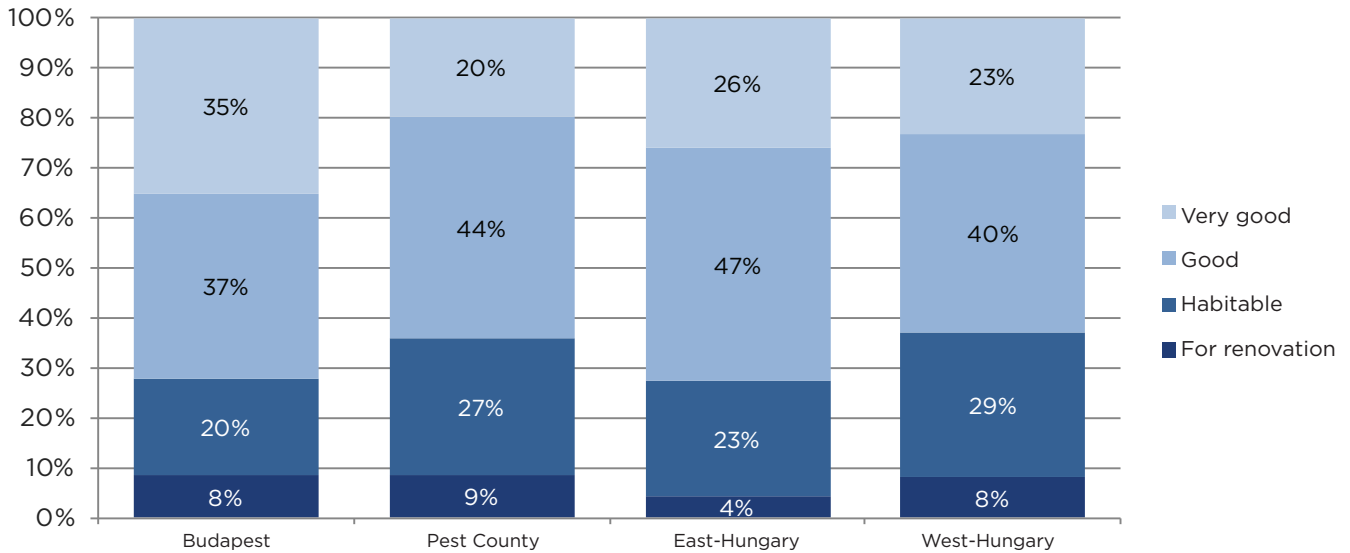
DISTRICT	AUGUST 2017.	AUGUST 2018.
Budapest 01.	8,3%	7,6%
Budapest 02.	13,4%	14,4%
Budapest 03.	11,4%	11,5%
Budapest 04.	7,7%	7,9%
Budapest 05.	12,2%	10,4%
Budapest 06.	16,2%	14,9%
Budapest 07.	15,5%	15,5%
Budapest 08.	13,0%	12,8%
Budapest 09.	13,7%	13,8%
Budapest 10.	6,1%	6,8%
Budapest 11.	15,7%	14,6%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

Methodology: Our clients with purchasing aims indicate their preferences of districts (more at the same time) when meeting with our agents. The above preference map is put together based on this information.

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

Contrary to recent news in the media indicating the decreasing number of good quality flats for sale, the latest demand and turnover data doesn't prove the forecasted tendency. Buyers are looking for very good and good quality properties on countrywide level. The lowest ratio is the "for renovation" category, regardless of the location.



TIME NEED OF SALE

The vivid market has brought shorter transaction periods in case of both panel and brick flats. In case of panel flats, the time need for sale is under 2 months everywhere in the country, except Buda. In case of brick flats, the time need is still around a month-time longer.

PANEL				
Time need of sale/day				
	East	West	Buda	Pest
August 2017.	87	76	114	76
August 2018.	59	59	74	58

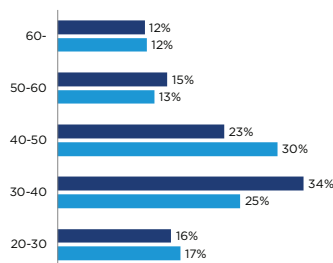
BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
August 2017.	122	131	98	129	107
August 2018.	89	109	95	96	103

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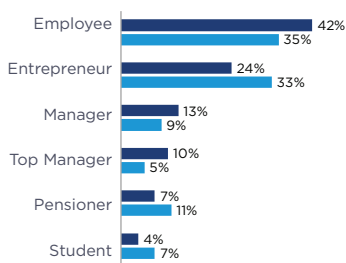
BUYER'S PROFILE BUDAPEST

In Budapest, following the investment purpose property acquisition –losing 1% in comparison with the previous year-, still those buying their first home represent the highest ratio among buyers. It is proven by the age groups as well, as the 20-40 group accounts for 50% of the market. When compared to 2017, the ratio of entrepreneurs has significantly fallen back, whereas the role of employees has grown. Pensioners and students have purchased properties under HUF 30 Million in Budapest, targeting flats of size under 50 m2.

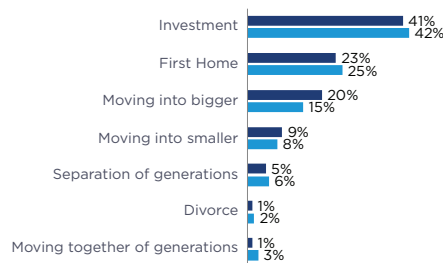
AGE OF BUYERS BP.



STATUS BP.



MOTIVATION BP.



AGE	AVERAGE PRICE	m ²
20-30	30 181 000	53
30-40	35 148 000	72
40-50	38 379 000	65
50-60	34 639 000	65
60-	32 168 000	56

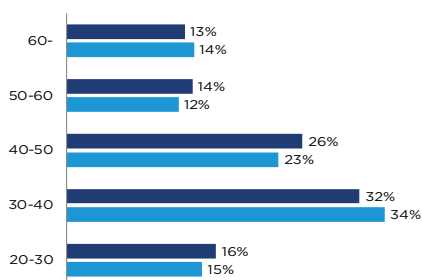
STATUS	AVERAGE PRICE	m ²
Employee	30 366 000	58
Top Manager	57 272 000	99
Manager	31 848 000	69
Pensioner	25 620 000	48
Student	26 453 000	48
Entrepreneur	36 438 000	68

SITUATION	AVERAGE PRICE	m ²
Investment	30 715 000	54
First Home	29 345 000	56
Separation of generations	32 545 000	54
Moving together of generations	37 750 000	119
Moving into smaller	31 350 000	56
Moving into bigger	49 332 000	107
Divorce	33 358 000	71

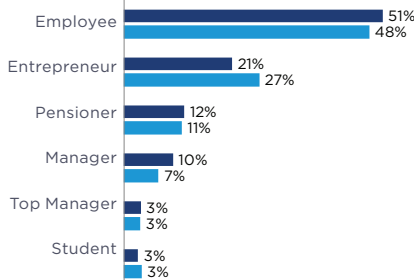
BUYER'S PROFILE ON REGIONAL LEVEL

On regional level, employees have crossed the 50% ratio, spending HUF 16 Million on average. Moving into a bigger property turned out to be the leading reason behind the acquisition, pushing investment to the second place. In means of age, the most active group was also the 30-40.

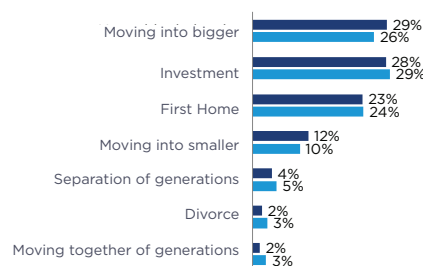
AGE OF BUYERS, REGIONAL



STATUS REGIONAL



MOTIVATION, REGIONAL



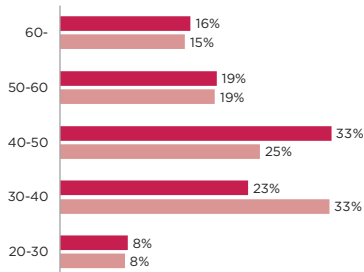
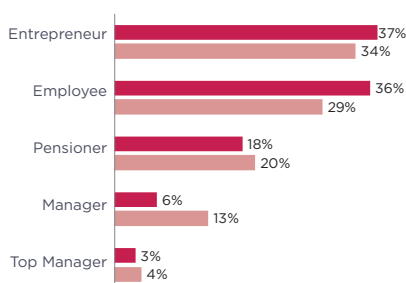
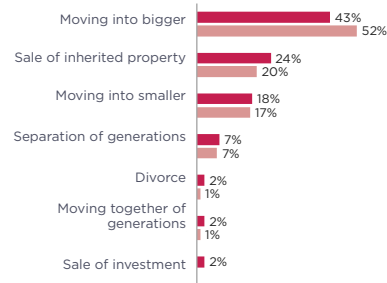
AGE	AVERAGE PRICE	m ²
20-30	14 796 000	78
30-40	19 633 000	89
40-50	19 584 000	80
50-60	17 776 000	80
60-	16 864 000	68

STATUS	AVERAGE PRICE	m ²
Employee	15 688 000	80
Top Manager	32 070 000	95
Manager	22 043 000	88
Pensioner	14 423 000	68
Student	13 728 000	46
Entrepreneur	19 665 000	84

SITUATION	AVERAGE PRICE	m ²
Investment	15 901 000	60
First Home	15 832 000	72
Separation of generations	14 028 000	67
Moving together of generations	17 250 000	105
Moving into smaller	18 551 000	70
Moving into bigger	23 703 000	113
Divorce	10 160 000	60

SELLER'S PROFILE BUDAPEST

In Budapest, the most popular reason behind the sale was moving into a bigger property, next to which the ratio of those selling inherited property and moving into a smaller property increased during the past year. Entrepreneurs and employees were present in nearly the same volume, with the difference being in the value of the sold properties. Entrepreneurs have sold properties of an average HUF 43 Million value, while the average price of flats offered by employees was only HUF 26 Million.

AGE OF SELLERS BP.

STATUS BP.

MOTIVATION BP.


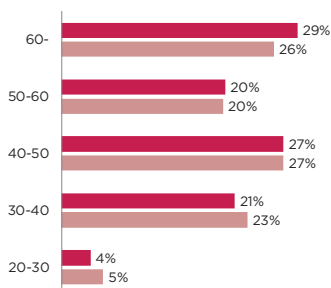
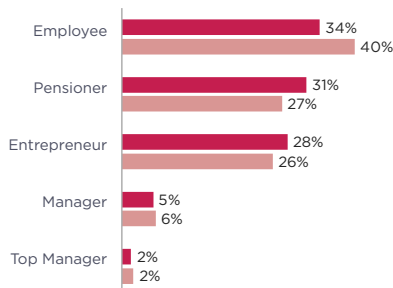
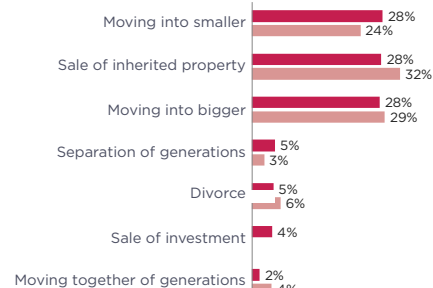
AGE	AVERAGE PRICE	m ²
20-30	22 647 000	47
30-40	32 066 000	55
40-50	30 387 000	63
50-60	43 912 000	79
60-	34 130 000	66

STATUS	AVERAGE PRICE	m ²
Employee	26 326 000	54
Top Manager	46 200 000	79
Manager	33 267 000	65
Pensioner	24 270 000	54
Entrepreneur	42 923 000	77

SITUATION	AVERAGE PRICE	m ²
Sale of investment	40 250 000	54
Separation of generations	29 300 000	72
Moving together of generations	23 500 000	56
Moving into smaller	46 354 000	103
Moving into bigger	28 822 000	55
Sale of inherited property	29 895 000	55
Divorce	33 750 000	107

SELLER'S PROFILE ON REGIONAL LEVEL

On the seller side higher age groups were more active as well. Buyers above 40 accounted for 76% of the market, buying generally properties bigger than 80 m². Therefore it is not that surprising to see the pensioner status coming in second after employees.

AGE OF SELLERS, REGIONAL

STATUS REGIONAL

MOTIVATION, REGIONAL


AGE	AVERAGE PRICE	m ²
20-30	17 291 000	78
30-40	16 119 000	73
40-50	21 158 000	87
50-60	17 270 000	83
60-	16 115 000	86

STATUS	AVERAGE PRICE	m ²
Employee	15 181 000	80
Top Manager	30 450 000	135
Manager	19 510 000	84
Pensioner	14 220 000	80
Entrepreneur	24 550 000	81

SITUATION	AVERAGE PRICE	m ²
Sale of investment	15 415 000	94
Separation of generations	14 150 000	79
Moving together of generations	16 080 000	78
Moving into smaller	21 067 000	100
Moving into bigger	18 548 000	73
Sale of inherited property	11 343 000	81
Divorce	16 847 000	103



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