

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

ISSUE 100

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100. ISSUE



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FORTHCOMING ISSUES

Date of issue

Content

12 November 2019	November 2019 data
13 January 2020	Q4 2019 data (including price indices and housing loan data)
12 February 2020	January 2020 data

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GENERAL INFORMATION CONCERNING THE CONTENT OF THE PRESENT PUBLICATION

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Foreword to Issue 100

Dear Reader,

It was exactly 100 months ago, on 8 July 2011 that we published the first issue of our Duna House Barometer with the objective of reporting in a plain language but professionally about current property market events and changing trends in Hungary, thereby providing a constant flow of information to all interested parties before official statistical data become available – often with a delay of several months.

During the past 100 months we have seen quite a few lows and a huge, never-ending boom and have always looked into the future with high expectations.

These more than eight years saw us process more than 100 thousand property sale transactions and we illustrated our publications with more than 3000 diagrams and maps. Similarly to the whole of Duna House Group over the past 20 years spent on the property market, our analyses were characterised by constant renewal and the ambition for innovation and professionalism. After the first few issues we extended the scope of our analysis parameters by including, among others, quality preferences, buyers' and sellers' profiles and new build and loan market data.

Compared to the first issue – apart from changes in the graphic layout – the most striking difference is of course related to prices. Even if adjusted with the consumer price index of the Central Statistical Office the differences are huge compared to the prices which were ebbing seriously at the time. Prices per square metre of concrete block and brick and mortar apartments outside Budapest averaged at HUF 155,000 and 197,000 – 214,000, respectively – the same categories average between HUF 300,000 – 370,000 today. Concrete block apartments in Budapest have more than doubled in price, and prices of brick and mortar apartments in the capital have seen an increase in excess of 250 per cent. This is why we had to review the scaling of transaction parameters several times since the boom of 2014, mainly on account of the exorbitant figures of the Buda districts.

We started examining customer profiles from the third issue onwards – we first investigated characteristics related to age. Back then the dominant age group in Budapest were those between 20-30 years old (36 per cent) – their share in the present publication is a mere 16 per cent and for a good reason: young people need to spend four times as much on their first home (even in today's prices) than ot quite a decade ago. As far as sellers are concerned, the scale has shifted to older age groups significantly, too.

There are also things that have not changed since the first issue, however: for example, the popularity of District 13. With the rare exception of a few months, our clients consistently mark this district as their main focus of interest.

The management and the analysts' team of Duna House hope that they can continue to provide useful content to media workers, analysts and all those with an interest in property market processes in the future.

Guy Dymschiz
Co-chief Executive Officer
Duna House Group



VEZETŐI ÖSSZEFOGLALÓ

Property markets perform well again in the autumn months again, so despite the weaker months at the end of spring and in the summer we may, similarly to the previous one, close a strong year again.

As far as customer profiles are concerned, changes in composition are already starting to show and the percentage of investors has started to taper in and outside of Budapest alike. In the capital, investors' share has diminished to 40 per cent, a fall of 5-6 percentage points compared to the previous months. As far as the rest of the country is concerned, the market share of investors showed an even bigger decrease of 8 percentage points to 22 per cent. The share of first-time buyers has not decreased significantly, but in Budapest (as an example) significantly more clients have moved into a larger property compared to the same period of the previous year.

Property market changes are well illustrated by the fact that the time needed to sell a property in Budapest has increased substantially for all types of property. Selling a brick and mortar apartment in Buda, Pest or in the City will take more than 3 months but homes in concrete blocks need almost 80 days to sell, too, irrespective of which bank of the Danube they are located on.

Prices are on the continuous increase overall – compared to figures from a year ago the prices per square metre of brick and mortar apartments in the Eastern part of the country have shown the sharpest hike overall. The surge has not stopped in Budapest either – we saw an average increase of 23 per cent with smaller or larger variations depending on the location and the type of property. In view of the rising prices some home owners misjudge the value of their property but – seeing the poorer than expected demand – they reduce their asking price of their own volition, even being open for further negotiations in an increasing number of cases.

Early November we introduced our prognosis for the volume of mortgages granted for residential properties, mainly to enable quick trend analyses. Figures published by the National Bank of Hungary in August and September were HUF 68.97 billion and 76.29 billion, respectively, while the October estimate of Duna House Loan Centre was HUF 79 billion.

Further information

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3 INTERESTING FACTS:

In Buda, 56 per cent of all purchase transactions were concluded at prices between HUF 700-900 thousand per square metre.

In Budapest, the proportion of buyers looking for properties in the “very good”, “good” and “habitable” category is almost perfectly equal.

In some parts of the capital the time needed to sell a property has increased by approximately two weeks.

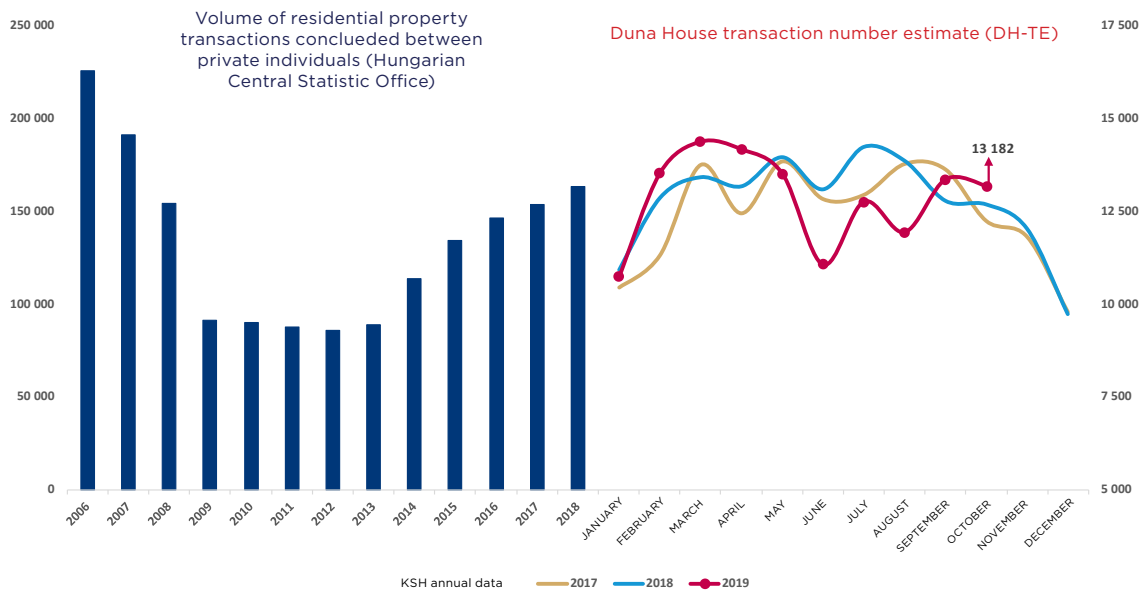
TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

A weak summer is still followed by a strong property market. After a strong September, October brought transaction numbers in excess of 13 thousand again – a figure 4 per cent higher than in 2018. The first ten months had almost identical transaction volumes on a year-on-year basis: we recorded a mere 1.8 per cent slowdown compared to last year, i.e. assuming that the year-end trend persists, the market will close the year with almost identical property market figures as a year earlier.

Duna House analysis shows that the slowdown in Budapest is also less marked than some headlines made it appear last week. Based on the transaction number data gathered by Duna House the year to date property market turnover has slowed by only 13 per cent, which is significantly less than the 46 per cent reported in the media. Interim (and non-final) data published by the Central Statistical Office can be way off of actual figures, so they cannot be used to determine the actual rate of decline. Apart from preliminary property market estimates Duna House will from now on publish forecasts related to residential mortgages granted. In October consumer loans performed similarly to rising property market figures: according to estimates residential mortgages totalling HUF 79 billion were granted in Hungary. According to figures published by the National Bank of Hungary the total of residential loans was HUF 68.97 billion and HUF 76.29 billion in August and September, respectively.

Figures published by Duna House Loan Center can primarily be used for quick trend forecasts; the National Bank of Hungary publishes the actual figures for the second last month at the beginning of each month.



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
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	12 787	12 689	12 033	9 721
2019	10 741	13 532	14 373	14 166	13 512	11 069	12 764	11 945	13 364	13 182		



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!

PRICES - RESIDENTIAL FLAT DATA

In Eastern Hungary the price per sq. m. of brick and mortar apartments increased by 30 per cent compared to the same period last year but the same property type saw an increase in excess of 25 per cent in Western Hungary, too.

Concrete block apartments in Eastern Hungary had the smallest increase with 5 per cent, but in the Western part of the country the hike was not higher than 18 per cent either.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
October 2018.	15 972 000	304 000	2%	6%	13 347 000	248 000	1%	5%
October 2019.	16 594 000	316 000	3%	7%	16 496 000	291 000	4%	4%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
October 2018.	16 296 000	282 000	1%	1%	15 287 000	268 000	1%	5%
October 2019.	22 779 000	370 000	2%	6%	19 325 000	343 000	2%	4%

Prices increased at almost the same rate in Buda and Pest: average prices per sq. m. of concrete block apartments were 23 per cent higher than in October 2018 and so exceeded HUF 500 thousand per sq. m. in both halves of the capital.

Price increases of brick and mortar apartments in Budapest were not higher than those of concrete block properties either. The smallest increase was 15.9 per cent (in the Buda districts), while in the City average prices per sq. m. grew by almost 30 per cent. Consequently, and according to the latest data, in the Pest districts one sq. m. costs HUF 655 thousand on average, while average prices in Buda are over HUF 800 thousand per sq. m. and those in the City are closer to HUF 900 thousand. That said, the potential margin for negotiation has also increased somewhat.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
October 2018.	22 400 000	450 000	1%	5%	22 225 000	428 000	2%	1%
October 2019.	28 325 000	553 000	4%	3%	27 871 000	527 000	5%	2%

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
October 2018.	51 107 000	699 000	2%	4%	25 361 000	524 000	2%	3%	44 414 000	685 000	3%	4%
October 2019.	59 715 000	810 000	4%	3%	35 062 000	655 000	4%	2%	46 440 000	880 000	7%	5%

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

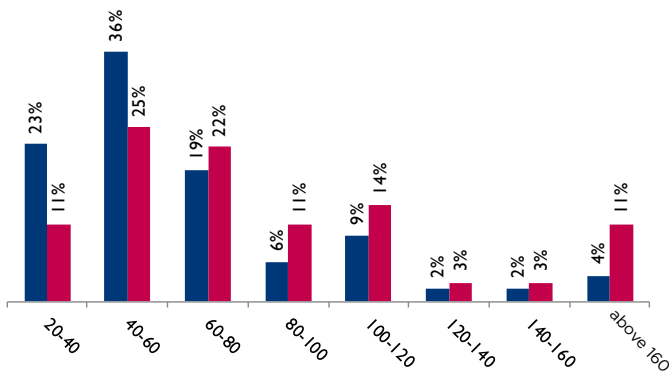
TRANSACTION PARAMETERS IN BUDAPEST

In Buda, demand for larger apartments was on the increase over the past month. While the share of properties larger than 80 sq. m. has grown by 5-7 percentage points, transaction volumes between 20-40 sq. m. reduced by 50 per cent compared to a year ago, and also apartments between 40-60 sq. m. saw a one-third decrease. There were no significant changes in the Pest districts compared to October 2018.

Transaction prices per sq. m. have shifted towards higher categories all around Budapest: in Buda, 56 per cent of all sales were in the HUF 700-900 thousand bracket. The distribution of categories is more even in Pest: most of the properties changed owners at sq. m. prices in the HUF 500-600 thousand range. The majority of homes were sold at prices above HUF 70 million. Prices in Pest are significantly lower: most transactions were concluded at selling prices between HUF 20-25 million.

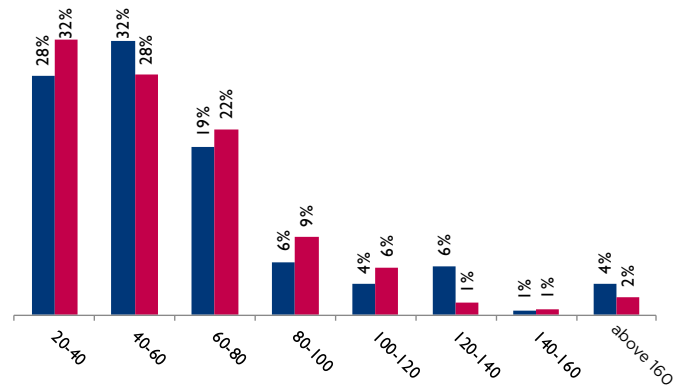
BUDA

Size (m²)



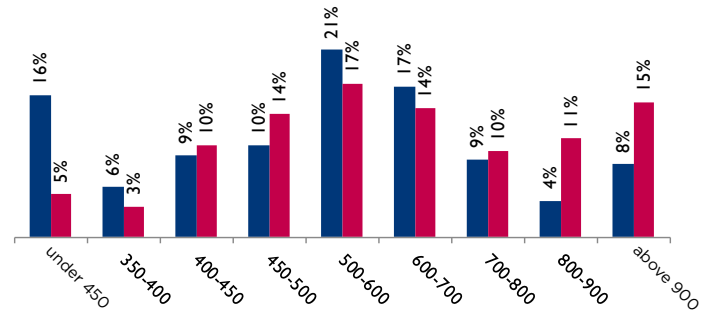
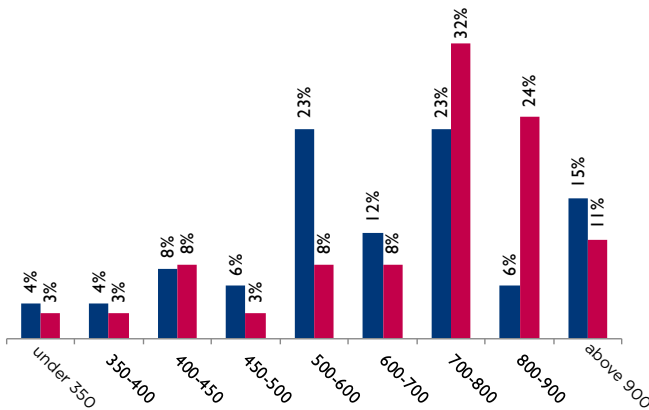
PEST

Size (m²)



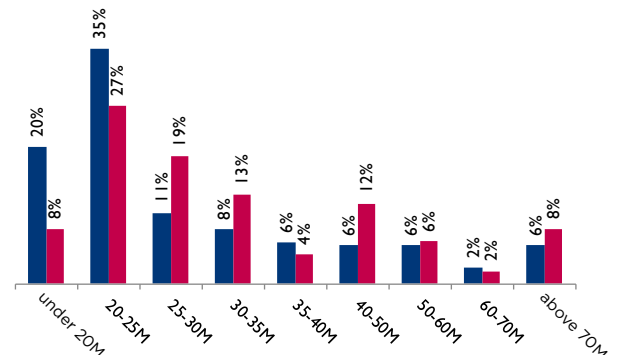
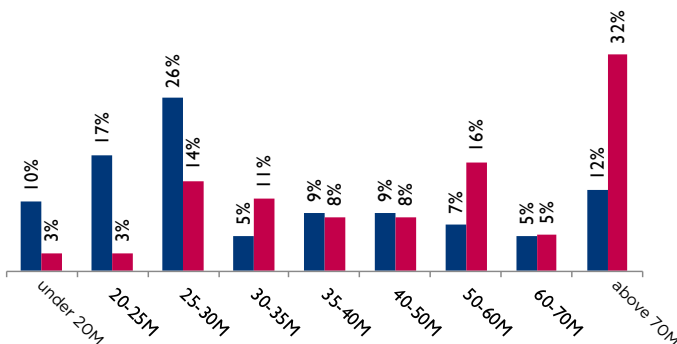
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ October 2018.
■ October 2019.

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

There were no significant changes as far as the sizes of properties sold is concerned, although the share of apartments between 60-80 sq. m. grew by 10 percentage points in County Pest and so became the most popular category in October. Prices outside Budapest are still far behind those in the capital, with 30 per cent of transactions concluded at prices below HUF 250 thousand per sq. m.

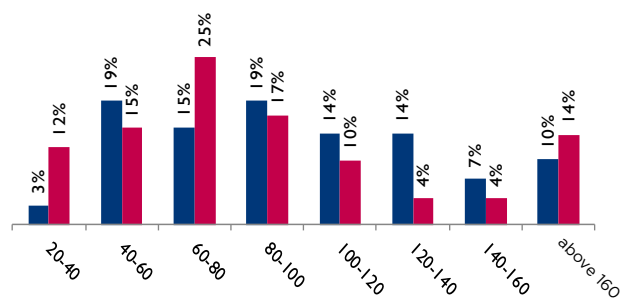
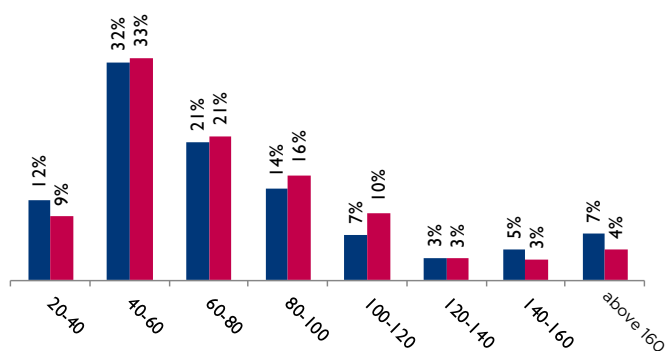
Despite the low sq. m. prices transaction prices are still relatively high because many of the apartments sold were large in size.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

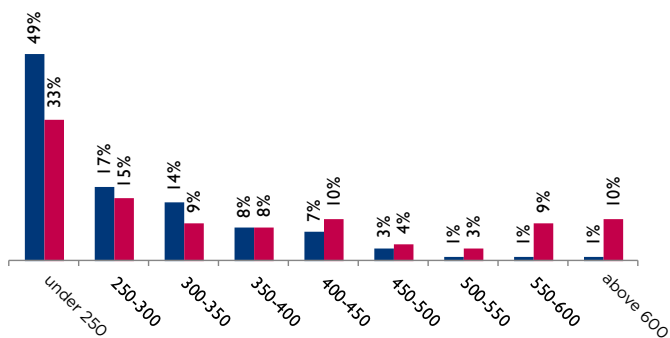
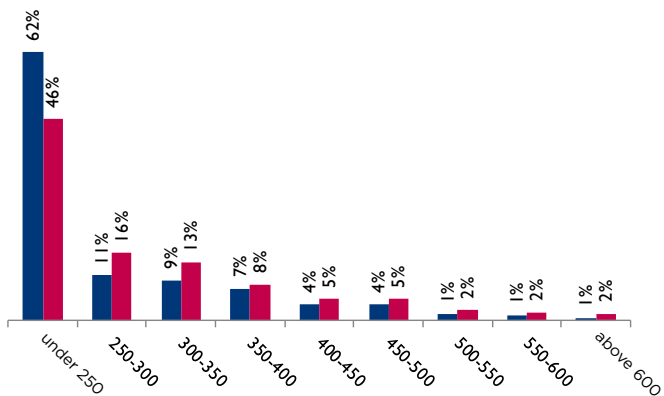
Size (m²)

Size (m²)



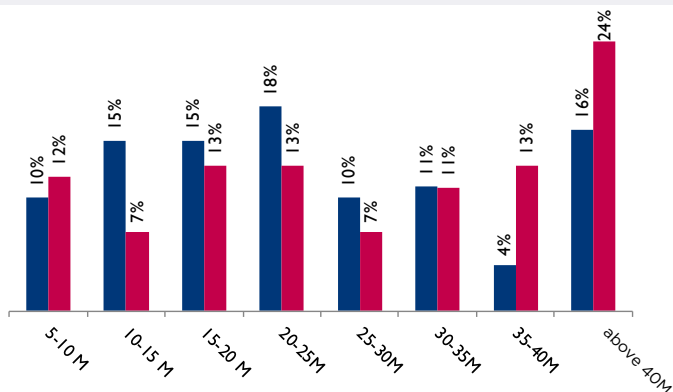
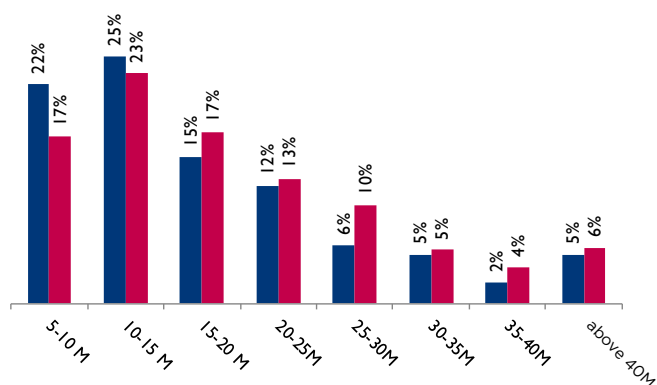
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)

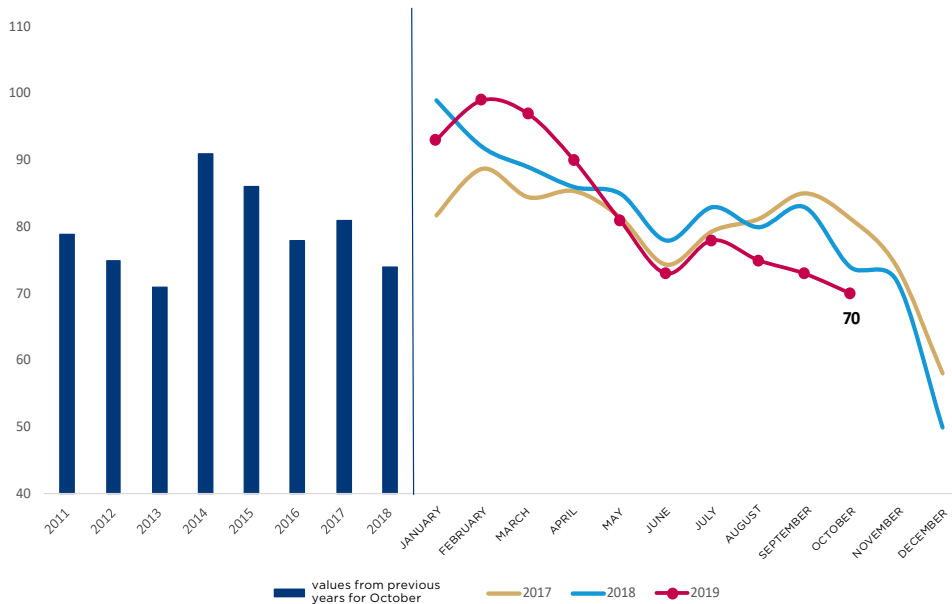


■ October 2018.
■ October 2019.

Based on properties sold by Duna House Franchise Network.

BUYERS - DEMAND INDEX

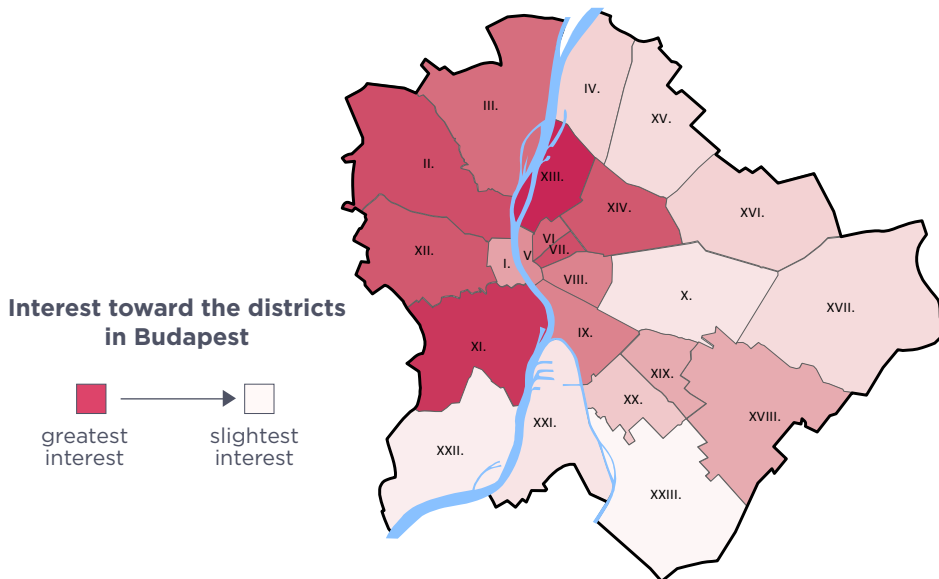
Demand trends are seasonally in line with the time of the year but are lower than in previous years. The index closed at 70 percentage points at the end of October compared to 74 and 81 percentage points measured by Duna House at the same time in 2018 and 2017, respectively.



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

In August, districts 13. and 14. were both popular, finishing way above other Budapest locations. Other popular districts included 2., 6., 7. and 11.



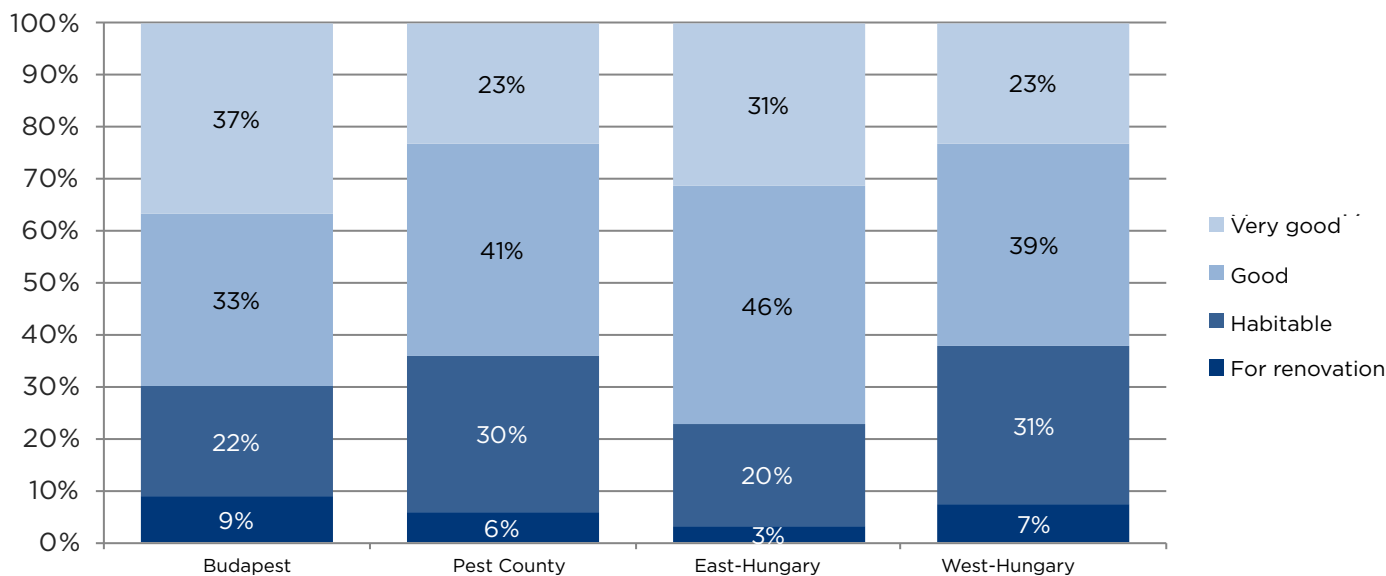
DISTRICT	2018. OCTOBER	2019. OCTOBER
Budapest 01.	8,8%	8,9%
Budapest 02.	16,8%	14,5%
Budapest 03.	11,7%	12,0%
Budapest 04.	6,6%	5,9%
Budapest 05.	10,6%	10,4%
Budapest 06.	15,1%	13,0%
Budapest 07.	15,3%	14,0%
Budapest 08.	12,1%	10,9%
Budapest 09.	11,7%	11,2%
Budapest 10.	6,8%	4,6%
Budapest 11.	15,6%	15,6%
Budapest 12.	13,9%	13,4%
Budapest 13.	17,1%	15,8%
Budapest 14.	15,8%	13,5%
Budapest 15.	6,6%	5,5%
Budapest 16.	5,9%	6,1%
Budapest 17.	5,1%	5,2%
Budapest 18.	9,2%	8,3%
Budapest 19.	7,0%	8,5%
Budapest 20.	8,2%	6,3%
Budapest 21.	4,6%	4,7%
Budapest 22.	4,1%	4,1%
Budapest 23.	2,4%	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

In Budapest, there is an almost perfect balance between buyers preferring an apartment in a very good, a good or a habitable (or worse) condition, with a share of around 30 per cent in each case. In County Pest and the Eastern part of the country the majority were drawn to the good quality offerings while in the West those who settled for inferior quality was higher than in other parts of the country.



TIME NEED OF SALE

Turnover speed of both main property types has decreased in most of the country. Concrete block apartments in the Eastern counties could sell faster (within two months on average) than before, while in the rest of Hungary these properties need half a month longer to find a new owner.

As far as brick and mortar properties are concerned, turnover still accelerates in general, but we are noticing a deceleration in Budapest. Sellers outside Budapest can expect to sell their properties within 3 months on average while in the capital it will take 3-4 months; it is increasingly difficult to sell expensive properties in the City.

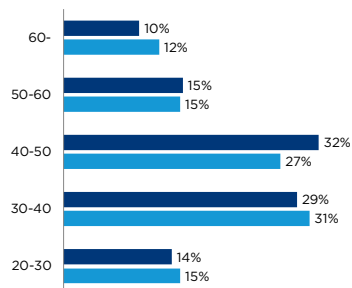
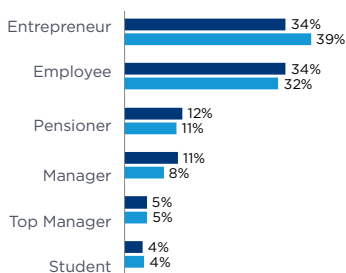
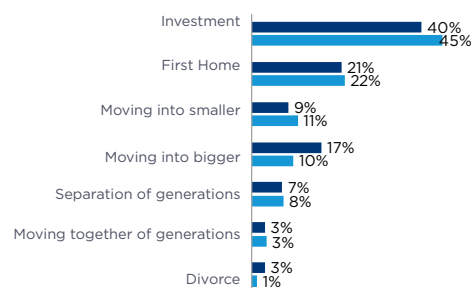
PANEL				
Time need of sale/day				
	East	West	Buda	Pest
October 2018.	62	62	76	56
October 2019.	60	73	79	73

BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
October 2018.	101	109	88	91	101
October 2019.	73	82	99	98	116

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BUYER'S PROFILE BUDAPEST

In October, most buyers belonged to the 30-50 year-old age group in Budapest, with the emphasis on buyers aged 40-50 years who concluded one-third of all transactions. They spent almost HUF 50 million on the apartment of their choice. Most buyers were self-employed or employees, with a share of 34 per cent each. The main motivation was still investment, but with a decreasing share compared to the same period last year. The percentage of those moving to a larger apartment has increased. Investment-related and larger apartments were purchased for an average of HUF 40.5 million and 63 million, respectively.

AGE OF BUYERS BP.

STATUS BP.

MOTIVATION BP.


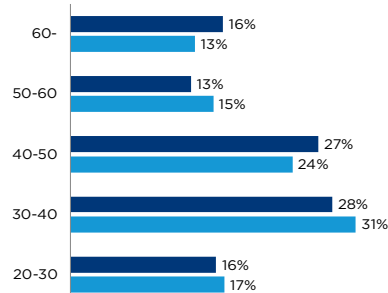
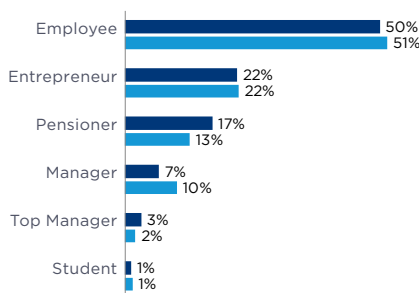
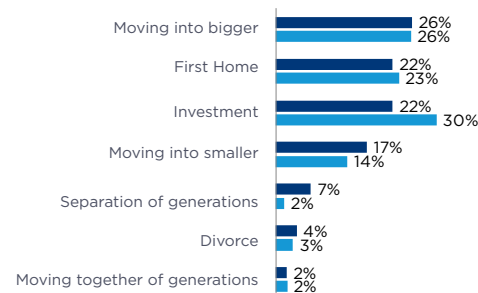
AGE	AVERAGE PRICE	m ²
20-30	39 375 000	64
30-40	40 832 000	67
40-50	48 922 000	79
50-60	46 595 000	64
60-	39 599 000	56

STATUS	AVERAGE PRICE	m ²
Employee	32 430 000	62
Top Manager	93 800 000	133
Manager	41 808 000	70
Pensioner	30 011 000	51
Student	37 250 000	87
Entrepreneur	57 273 000	72

SITUATION	AVERAGE PRICE	m ²
Investment	40 502 000	52
First Home	32 712 000	63
Separation of generations	36 944 000	62
Moving together of generations	53 875 000	117
Moving into smaller	39 582 000	61
Moving into bigger	62 820 000	115
Divorce	42 200 000	73

BUYER'S PROFILE ON REGIONAL LEVEL

Age distribution of buyers outside Budapest is somewhat similar to those in the capital, but there was practically no difference between the share of the two age groups and the average price of properties was HUF 22-24 million, either. Half of all buyers were employees, with the share of self-employed buyers far smaller than in Budapest, but there was no noticeable change compared to last year's figures. The main reason for the purchase was moving into a larger property but those buying their first property or making an investment had a similar share, too. However, those moving to a larger property in the country paid only half as much as their peers in the capital.

AGE OF BUYERS, REGIONAL

STATUS REGIONAL

MOTIVATION, REGIONAL


AGE	AVERAGE PRICE	m ²
20-30	18 797 000	81
30-40	24 331 000	93
40-50	22 169 000	79
50-60	23 760 000	78
60-	20 499 000	77

STATUS	AVERAGE PRICE	m ²
Employee	19 161 000	79
Top Manager	26 664 000	70
Manager	29 842 000	109
Pensioner	19 850 000	78
Student	22 354 000	60
Entrepreneur	29 251 000	93

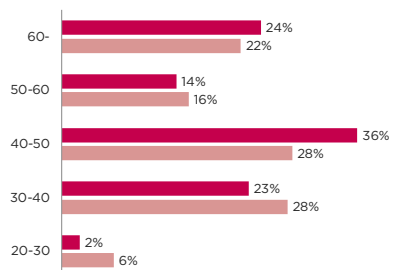
SITUATION	AVERAGE PRICE	m ²
Investment	21 843 000	68
First Home	17 864 000	80
Separation of generations	19 009 000	73
Moving together of generations	28 113 000	126
Moving into smaller	17 752 000	68
Moving into bigger	32 047 000	111
Divorce	18 460 000	63

■ October 2019.
■ October 2018.

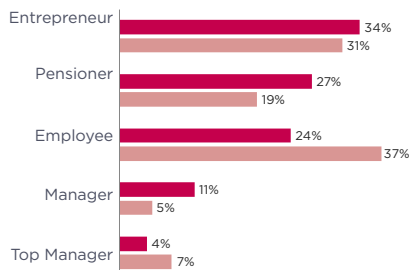
SELLER'S PROFILE BUDAPEST

As usual, the age distribution of sellers is a lot more varied than that of buyers, with only young people having a negligible share in the mix. Status varies greatly, too. The main reason to sell is moving to a larger property; the average selling price of the previous home was HUF 38 million in October. The second largest reason is selling an inherited property with heirs cashing HUF 32 million on average. The share of those selling on a property purchased as an investment grew by 10 percentage points compared to the same period last year.

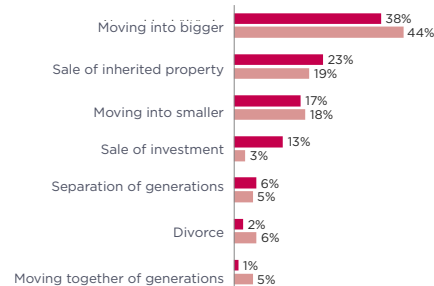
AGE OF SELLERS BP.



STATUS BP.



MOTIVATION BP.



AGE	AVERAGE PRICE	m ²
20-30	25 134 000	46
30-40	37 220 000	57
40-50	47 294 000	72
50-60	43 700 000	74
60-	49 444 000	76

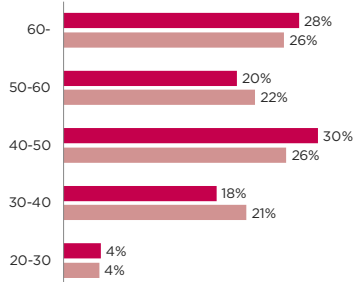
STATUS	AVERAGE PRICE	m ²
Employee	34 064 000	66
Top Manager	74 834 000	98
Manager	38 490 000	63
Pensioner	42 897 000	65
Entrepreneur	58 086 000	84

SITUATION	AVERAGE PRICE	m ²
Sale of investment	54 068 000	67
Separation of generations	54 900 000	114
Moving together of generations	31 000 000	58
Moving into smaller	66 519 000	118
Moving into bigger	38 297 000	60
Sale of inherited property	31 940 000	52
Divorce	32 159 000	70

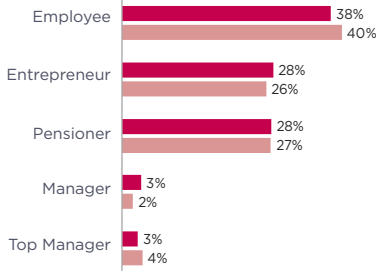
SELLER'S PROFILE ON REGIONAL LEVEL

Age and status distribution data show a number of similarities for sellers, too. However, outside Budapest the main reason to sell was the sale of an inherited property which sold for a mere HUF 13.5 million on average. The second main reason was moving into a larger home; our clients sold their existing property for HUF 24 million on average.

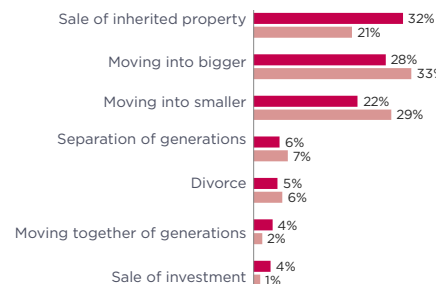
AGE OF SELLERS, REGIONAL



STATUS REGIONAL



MOTIVATION, REGIONAL



AGE	AVERAGE PRICE	m ²
20-30	15 909 000	76
30-40	23 778 000	81
40-50	25 909 000	90
50-60	20 971 000	78
60-	17 881 000	81

STATUS	AVERAGE PRICE	m ²
Employee	17 397 000	78
Top Manager	42 834 000	119
Manager	24 460 000	86
Pensioner	17 617 000	81
Entrepreneur	31 127 000	89

SITUATION	AVERAGE PRICE	m ²
Sale of investment	21 850 000	80
Separation of generations	25 517 000	102
Moving together of generations	21 999 000	105
Moving into smaller	23 187 000	101
Moving into bigger	24 182 000	71
Sale of inherited property	13 581 000	76
Divorce	20 443 000	105

■ October 2019.
■ October 2018.

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