

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

ISSUE 103

JANUARY 2020



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
12 March 2020	February 2020 data
14 April 2020	Q1 2020 data (including price indices and housing loan data)
12 May 2020	April 2020 data

Duna House Barometer is available from the 12th day of each month (forthcoming weekday if weekend) on the webpage: 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 markets kicked off 2020 with some heavy demand. Markets were characterised by increasing buyer activity at the start of the new year: those intending to buy a residential property this year are starting to hunt for their new home in January and follow the changes of supply and prices with ever-increasing interest. Growing interest has not yet made itself noticeable in actual transaction numbers though: according to Duna House estimates there were 9917 sales contracts concluded in January, which translates into a decrease of 8 per cent compared to the first month of 2019.

As far as property prices are concerned, we are seeing a continuation of last year's tendency, i.e. prices are more varied among different property categories than usual. On a year-on-year basis, the price of almost all categories has increased; we noticed a marginal decrease for concrete block apartments in Pest only.

The share of buyers with an investment motive has decreased both in Budapest and beyond, but the percentage of first-time buyers has increased and reached 30 per cent in the country. In general, turnover speed is currently 3 to 4 months, meaning this is how long it takes to conclude a property sale transaction. There are no significant changes in sellers' and buyers' profiles compared to previous months and to 2019: the most active age group is those between 30 and 50 years of age whose share in Budapest exceeds 50 per cent.

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



3 INTERESTING FACTS:

The share of first-time apartment buyers has reached 30 per cent in the country

Almost 40 per cent of buyers in Budapest are looking for a property in excellent condition

Irrespective of geographic location, prices are often reduced compared to the first asking price advertised

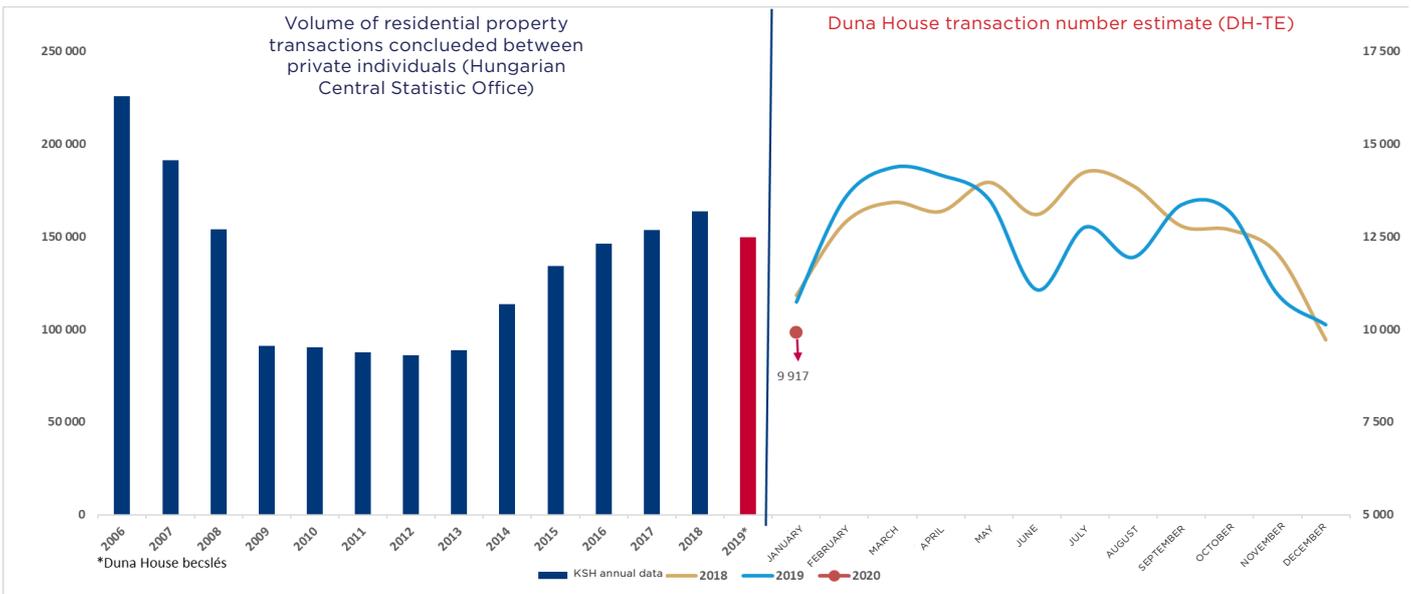


TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

Similarly to previous years, property markets embarked on 2020 with subdued transaction numbers. The estimated volume of 9917 sales can be considered average for this time of the year, even though this January we noted about 7-9 per cent fewer transactions than in the previous two years. Duna House is expecting a total of 130-150 thousand residential property sales for 2020 which, based on January data, seems realistic.

Contrary to the property market, the market of residential mortgages is still in an upswing phase. Based on figures of Duna House Loan Center, residential mortgage contracts totalling HUF 74.5 billion were signed in January this year, which is a 20 per cent increase over the same period of 2019 and speaks of a significantly livelier credit market. According to figures published by the National Bank of Hungary, the same figure in January 2019 was a mere HUF 62.13 billion. Annual mortgage market totals also indicate a noticeable strengthening of the Hungarian credit market. According to the factual figures of the National Bank of Hungary a total of HUF 909.85 billion residential mortgage contracts were signed in Hungary in 2019, 7 per cent more than in 2018 when the same figure was HUF 850.35 billion.



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
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	10 945	10 127
2020	9 917											



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.

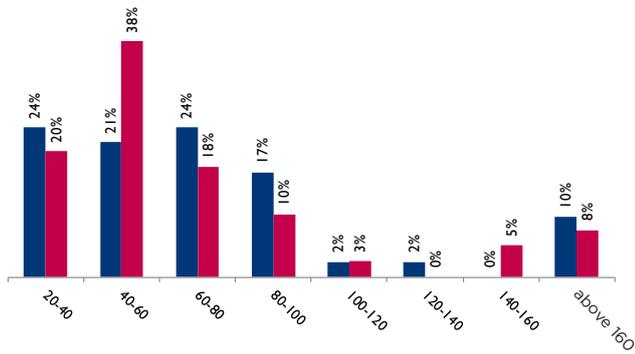
Please note that DH-TE data is not appropriate for defining the volume of transactions brokered by Duna House!

TRANSACTION PARAMETERS IN BUDAPEST

In the capital, small and medium-sized apartments are still the most popular, especially those between 40 and 60 square metres. The market share of those above 80-100 sq. m. and above is negligible. The share of transactions exceeding HUF 600 thousand per sq.m. in Buda and Pest were 83 and 48 per cent, respectively. Increasing sq. m. prices result in increasing property prices, too: In January 2020 the market share of properties sold at prices exceeding HUF 40 million in Buda and Pest were 50 and 37 per cent, respectively.

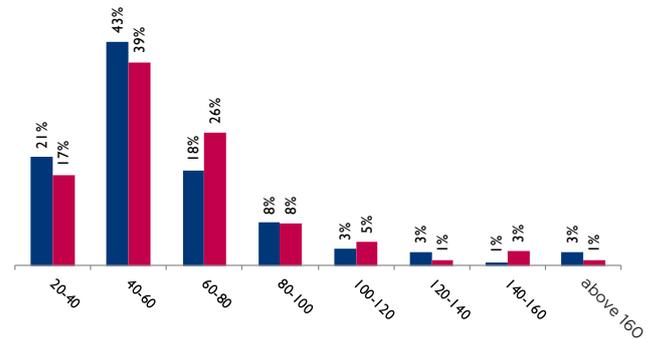
BUDA

Size (m²)



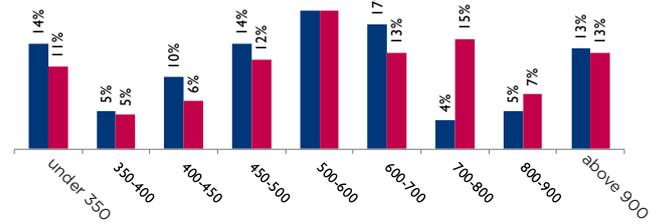
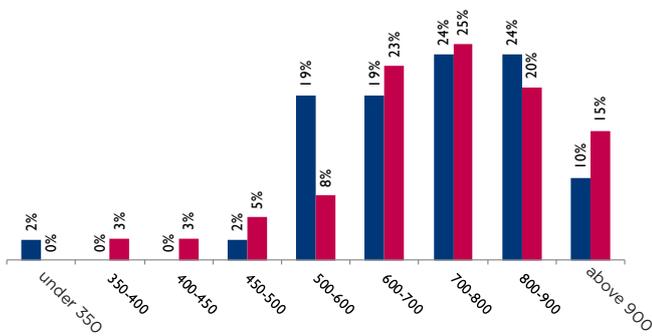
PEST

Size (m²)



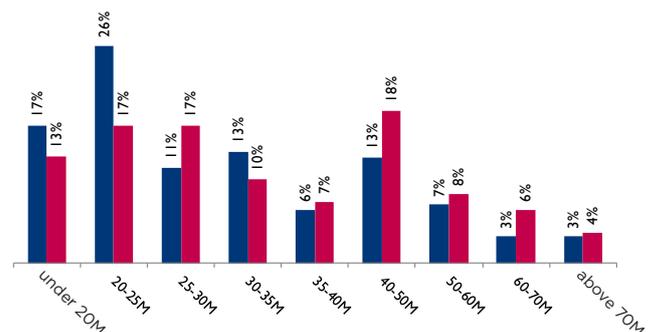
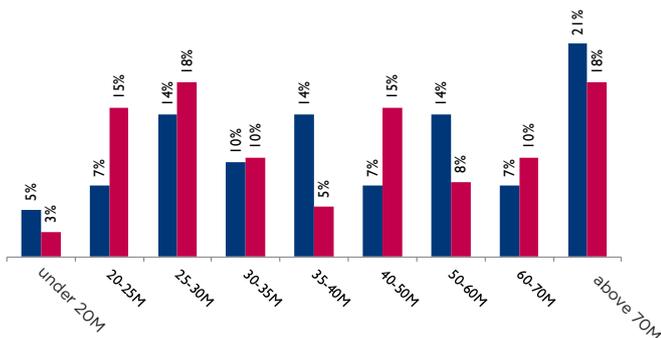
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ January 2019
■ January 2020

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

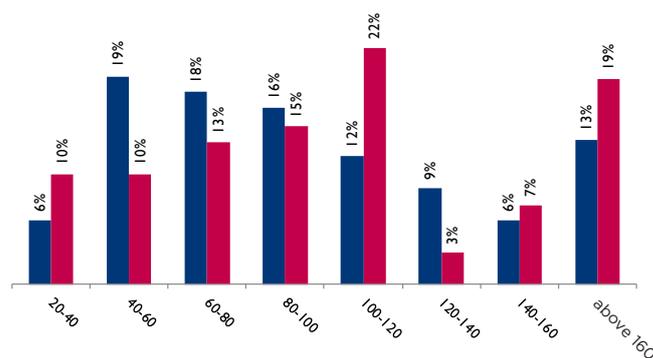
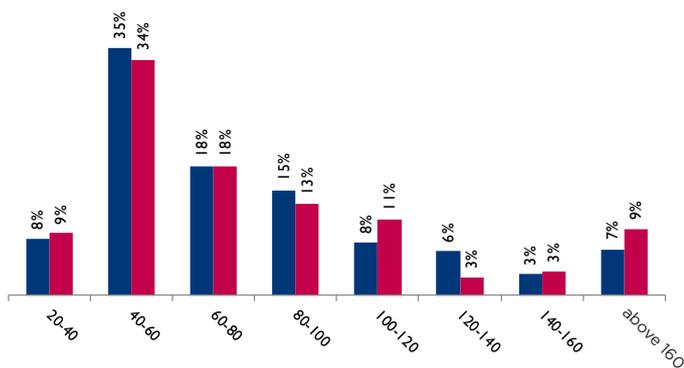
In the country, the sizes of apartments sold are more uniform than in the capital, especially in County Pest. Apartments with the highest share had a floor space of 40-60 and 100-120 square metres nationally and in County Pest, respectively, but those with a size of 160 sq. m. or larger have also become increasingly popular in County Pest, compared to the same period last year. Prices have also been increasing in these segments compared to January 2019. While overall square metre prices in Hungary showed a less significant increase, the share of apartments sold in County Pest at prices of HUF 450 thousand per sq. m. or more grew by 22 percentage points compared to the same period last year, which made the share of transactions involving prices of HUF 40 million or more surge by 19 percentage points.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

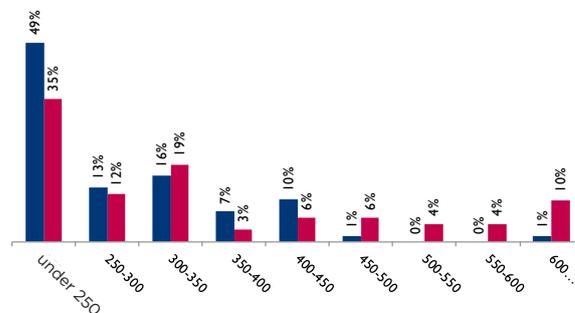
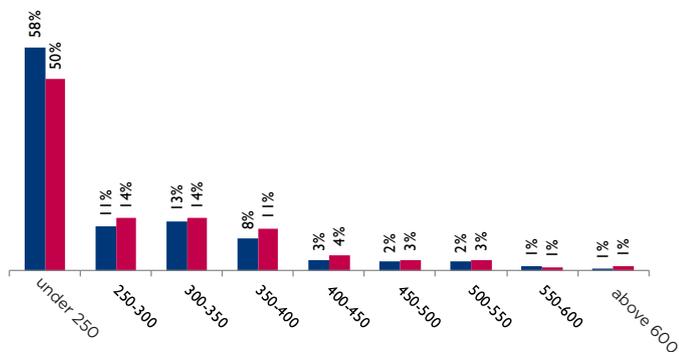
Size (m²)

Size (m²)



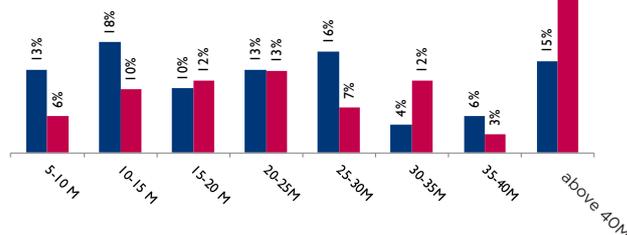
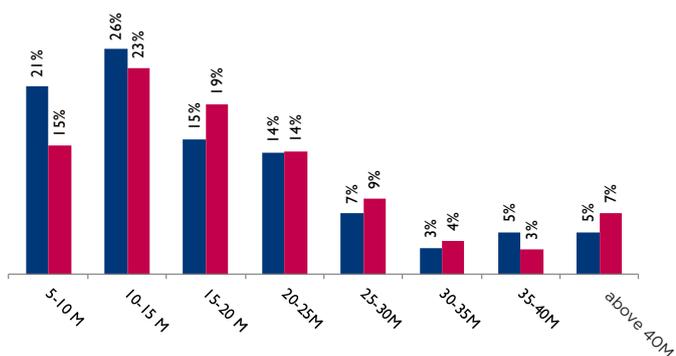
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ January 2019
■ January 2020

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

In the country, the average price per sq. m. has increased by 10 to 20 per cent with the biggest jump, 20 per cent, observed in the price of brick and mortar properties in Western Hungary. In Eastern Hungary, the average sq. m. price of concrete block apartments is HUF 318,000, while that of brick and mortar properties has almost reached HUF 350,000. In Western Hungary, the average price per square metre of concrete block and brick and mortar apartments in January 2020 was HUF 287,000 and 334,000, respectively.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
January 2019.	15 275 000	289 000	2%	4%	13 909 000	254 000	1%	3%
January 2020.	17 198 000	318 000	5%	4%	15 698 000	287 000	4%	4%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
January 2019.	18 892 000	319 000	2%	5%	15 779 000	279 000	1%	4%
January 2020.	19 107 000	348 000	5%	5%	17 639 000	334 000	2%	4%

Property prices in the capital are significantly higher than those in the country. Even though the average price per sq. m. of concrete block apartments in Pest has fallen from HUF 482,000 to 475,000 (a reduction of 1 per cent), there was a 11 percentage point increase in Buda compared to the same period last year.

Differences for brick and mortar properties are even more striking. In Pest, Buda and in Downtown Budapest the average prices per sq. m. are 620,000, 827,000 and 819,000, respectively.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
January 2019.	29 937 500	565 000	1%	4%	24 211 000	482 000	1%	1%
January 2020.	32 479 000	625 000	2%	4%	26 181 000	475 000	4%	4%

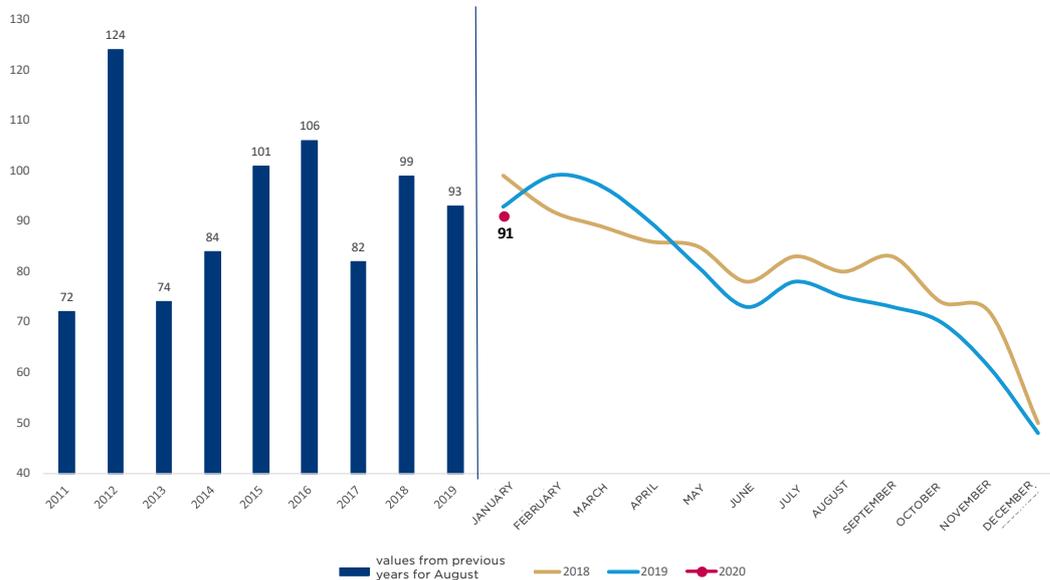
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
January 2019.	47 640 000	734 000	2%	3%	28 786 000	527 000	2%	5%	44 403 000	778 000	5%	4%
January 2020.	62 654 000	827 000	6%	4%	32 600 000	620 000	6%	4%	50 771 000	819 000	7%	3%

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

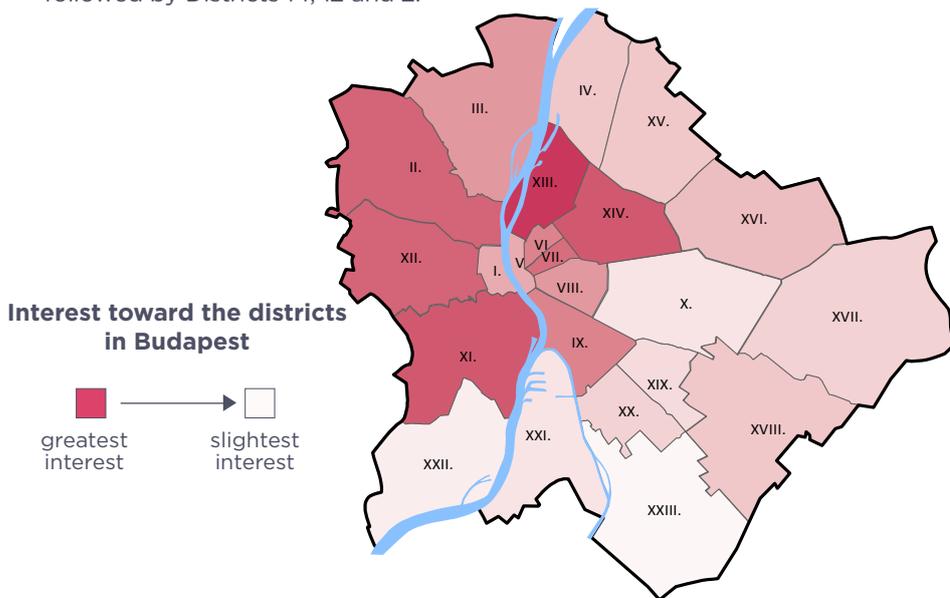
2020 took off with some brisk demand, too. In January the Demand Index grew to 91 percentage points, which is lower than last year's figure in January, but perceptibly higher than it had been in 2017.



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

Demand on a district-by-district basis has not changed significantly over the past few months, and although District 13 lost its pole position in December, it was the most popular district of the capital in January 2020 again, closely followed by Districts 14, 12 and 2.



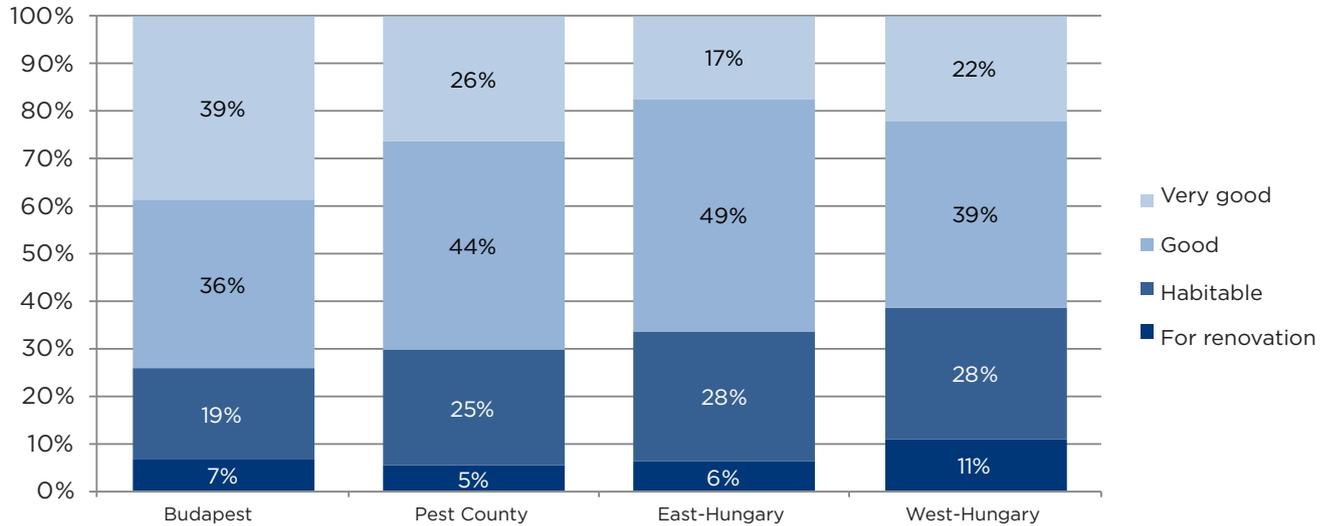
DISTRICT	JANUARY 2019.	JANUARY 2020.
Budapest 01.	8,5%	9,6%
Budapest 02.	15,9%	15,2%
Budapest 03.	10,4%	11,4%
Budapest 04.	6,5%	6,9%
Budapest 05.	8,7%	9,3%
Budapest 06.	14,1%	12,8%
Budapest 07.	14,7%	14,1%
Budapest 08.	13,7%	10,8%
Budapest 09.	14,2%	12,3%
Budapest 10.	7,4%	4,8%
Budapest 11.	14,0%	15,9%
Budapest 12.	12,9%	15,4%
Budapest 13.	19,0%	18,7%
Budapest 14.	16,7%	15,7%
Budapest 15.	6,8%	6,8%
Budapest 16.	5,6%	8,0%
Budapest 17.	4,3%	6,0%
Budapest 18.	9,3%	7,1%
Budapest 19.	8,0%	5,6%
Budapest 20.	6,1%	6,1%
Budapest 21.	3,8%	4,5%
Budapest 22.	3,5%	3,6%
Budapest 23.	2,2%	1,9%

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

The majority of buyers prefer properties in good or very good condition, but in Eastern and Western Hungary the percentage of “habitable” apartments is also high with 28 per cent in both regions. The share of buyers investing in a property that needs renovation is still low: it ranged between 5 and 11 per cent in January.



TIME NEED OF SALE

The time needed to sell a property has increased compared to the previous year. Sellers of concrete block apartments need to expect 2-3 months to sell, while brick and mortar properties take somewhat longer, 3-4 months on average.

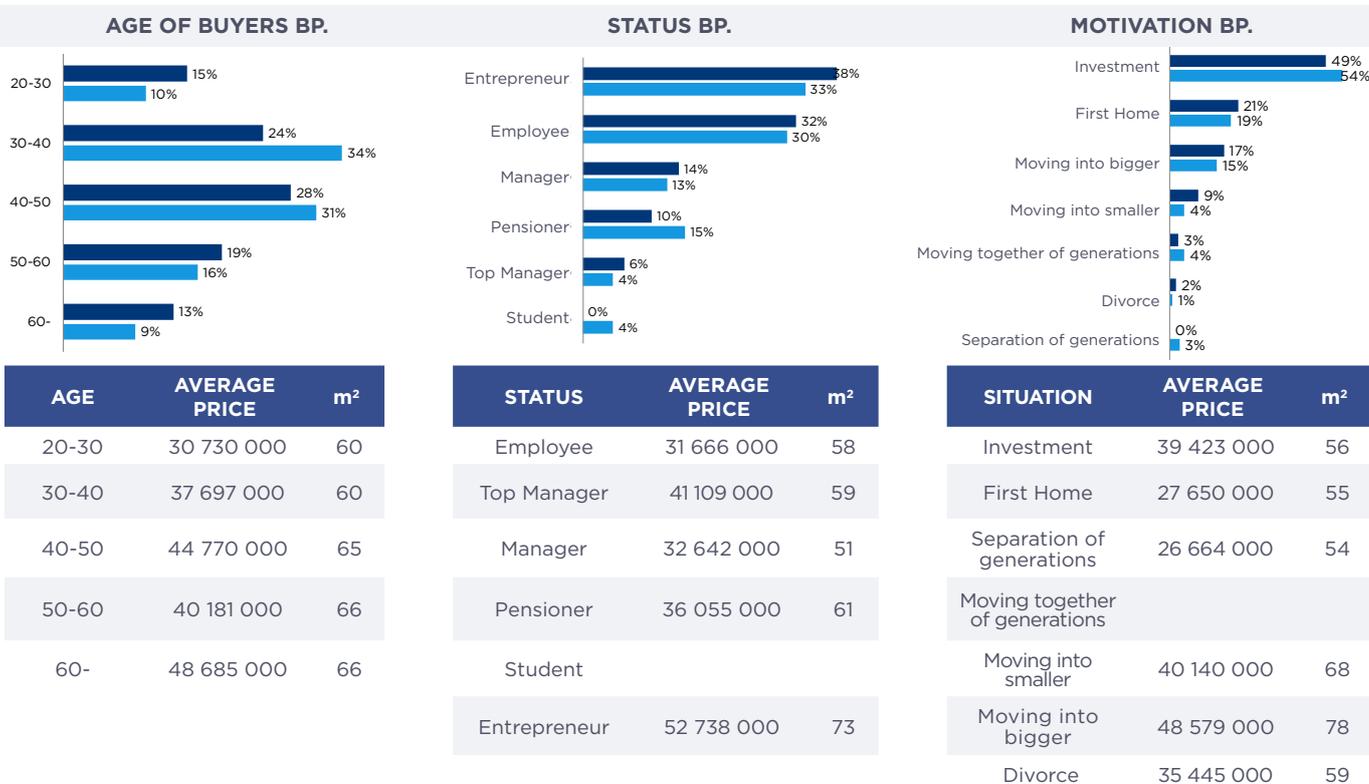
PANEL				
Time need of sale/day				
	East	West	Buda	Pest
January 2019.	72	68	62	76
January 2020.	68	74	107	79

BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
January 2019.	110	110	91	95	115
January 2020.	91	111	114	136	123

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.

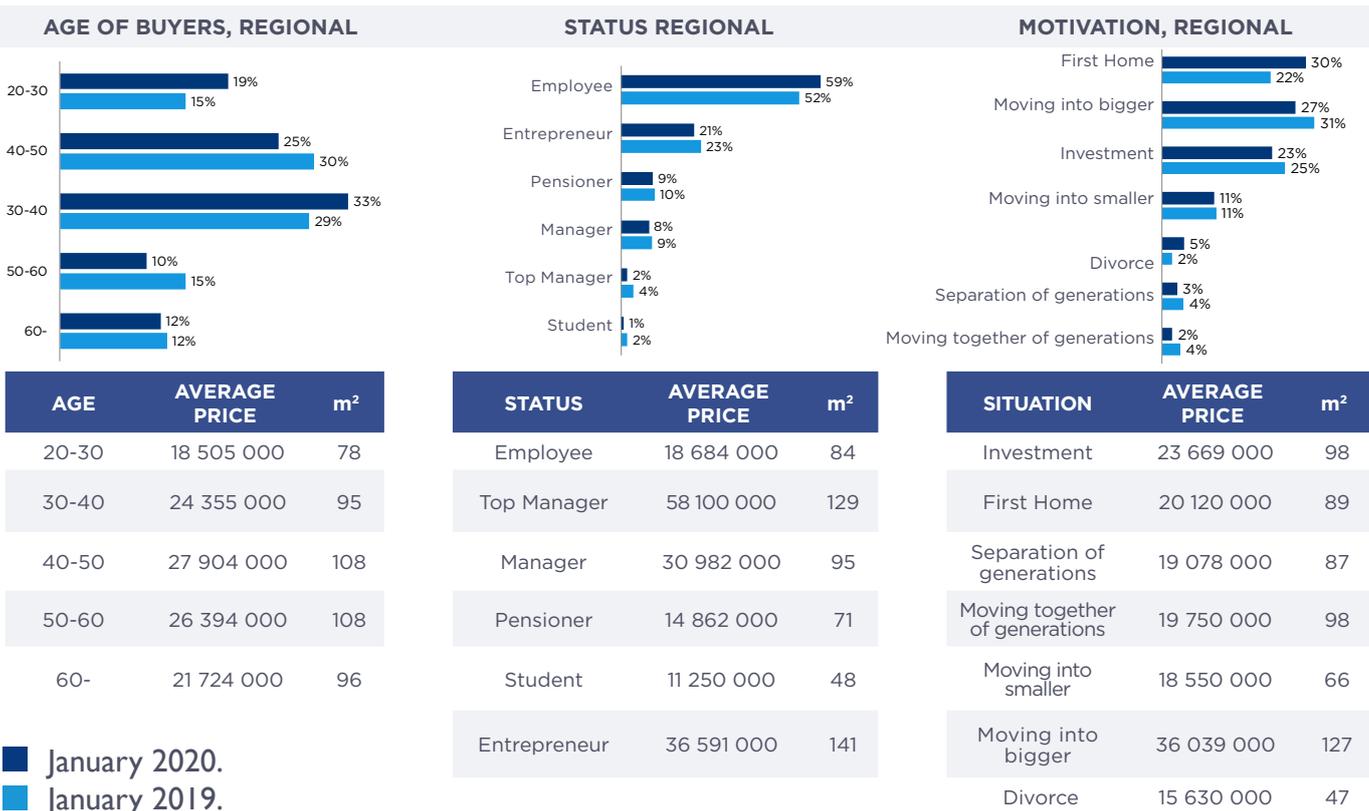
BUYER'S PROFILE BUDAPEST

More than 50 per cent of buyers in Budapest are between 30-50 years of age. 38 and 32 per cent of buyers in Budapest are entrepreneurs and employees, respectively. Investment is still the strongest motivation to buy, even though its share has diminished compared to January 2019. The average sum invested was HUF 39 million.



BUYER'S PROFILE ON REGIONAL LEVEL

The majority of buyers are between 30 and 50 years of age in the country, too, and are, similarly to those in Budapest, mostly employees or entrepreneurs. The main motivation to buy was the acquisition of the first apartment (30 per cent), while the share of investors was 23 per cent only.

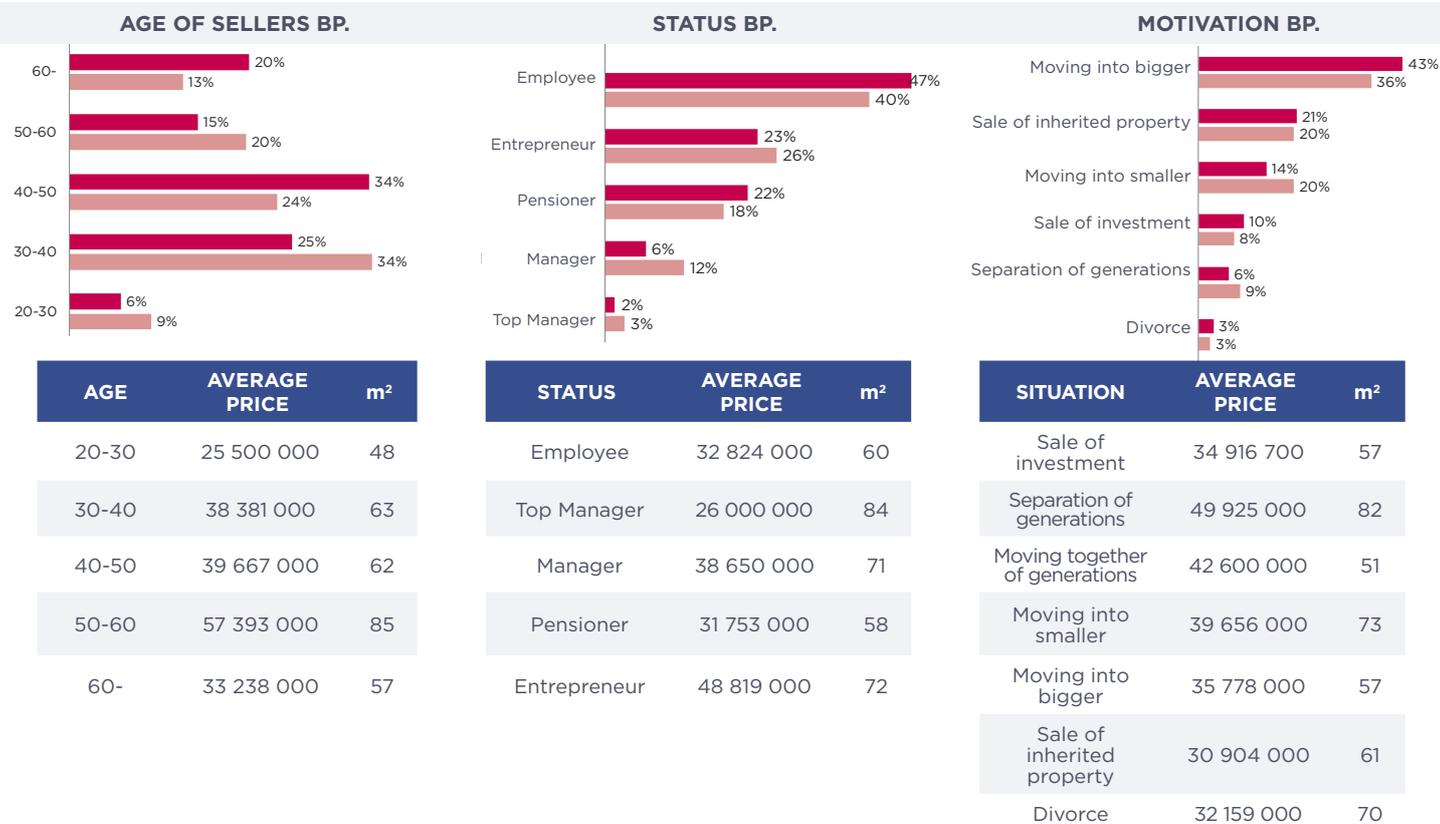


■ January 2020.
■ January 2019.

Based on the methodology, investment purpose acquisitions include every property transaction, which is regarded as investment by the buyer, i.e. it is not a strictly business approach qualification. Thus, the category includes family investments, or short time investments targeting properties for renovation, sold following the renovation. The latter case has a positive effect on the preservation of property, being a rather useful activity in the present building industry and property market environment. 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.

SELLER'S PROFILE BUDAPEST

Sellers' age distribution is highly varied with maybe the share of those under 30 years of age being markedly different from those of the other age groups. Similarly to buyers, sellers are mainly entrepreneurs. The key motivation is moving into a larger property but the percentage of selling an inherited property or moving into a smaller one is also high.



SELLER'S PROFILE ON REGIONAL LEVEL

Seller profile in the country is very similar to that in Budapest, but the value of properties traded is lower than in the capital. The main motivation is, again, moving into a larger property, followed by selling an inherited property and moving into a smaller home.



■ January 2020.
■ January 2019.