

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

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FORTHCOMING ISSUES

Date of issue	Content
12.06.2020	May 2020 data
13.07.2020	Q2 2020 data (including price indices and housing loan data)
12.06.2020	July 2020 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

In April the economic uncertainty caused by the COVID-19 pandemic had varying effects on the residential property market indices. There was a significant (58 per cent) reduction in the number of sales transactions but buyers' interest and investor activity were significantly higher than in March. The Duna House Demand Index increased by 2 points and is currently at 55 points which is significantly lower than in previous years but a welcome increase compared to the end of March. As far as buyer activity in Budapest is concerned, investors have again stepped up their game within the Duna House franchise network: their 35 per cent share is close to the normal level of 40-45 per cent. Another positive phenomenon is that the share of properties originally bought for investment purposes and now offered for sale is not significant: in the country it is a mere 4 per cent.

The uncertain market environment inevitably resulted in slower property market transactions: sellers of concrete block apartments and brick and mortar properties need to expect to wait 3 and 4 months for a buyer, respectively. As far as bargaining is concerned, there is a detectable increase compared to the previous year in almost all categories: e.g. for brick and mortar apartments in downtown Budapest the bargaining rate increased from 3 per cent to 9 per cent and from 2 per cent to 6 per cent for concrete block apartments in Pest.

As far as the value of residential properties sold by the Duna House network the market is already starting to show signs of a change on a year-on-year basis, but compared to the prices recorded in the previous quarter (Q1 2020) there was a decrease between 1-10 per cent, depending on type and location, with the exception of brick and mortar apartments in Budapest. Regarding our April figures it is important to note, however, that the low transaction numbers also meant smaller samples and that we will have a more accurate picture of the actual price changes when the indexed Q2 figures arrive.

An interesting property market responses to the pandemic is that demand for larger properties has increased in the Budapest agglomeration. Based on County Pest figures homes with sizes ranging between 80-120 sq. m. represented almost half (45 per cent) of all transactions, but even the share of properties of 160 sq. m. and beyond has increased by 10 percentage points compared to the same period last year.

Further information

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3 INTERESTING FACTS:

The average time needed to sell brick and mortar properties has increased to 4 months in almost every part of the country.

Buyers can expect to bargain 6-8 per cent off the asking price, irrespective of location.

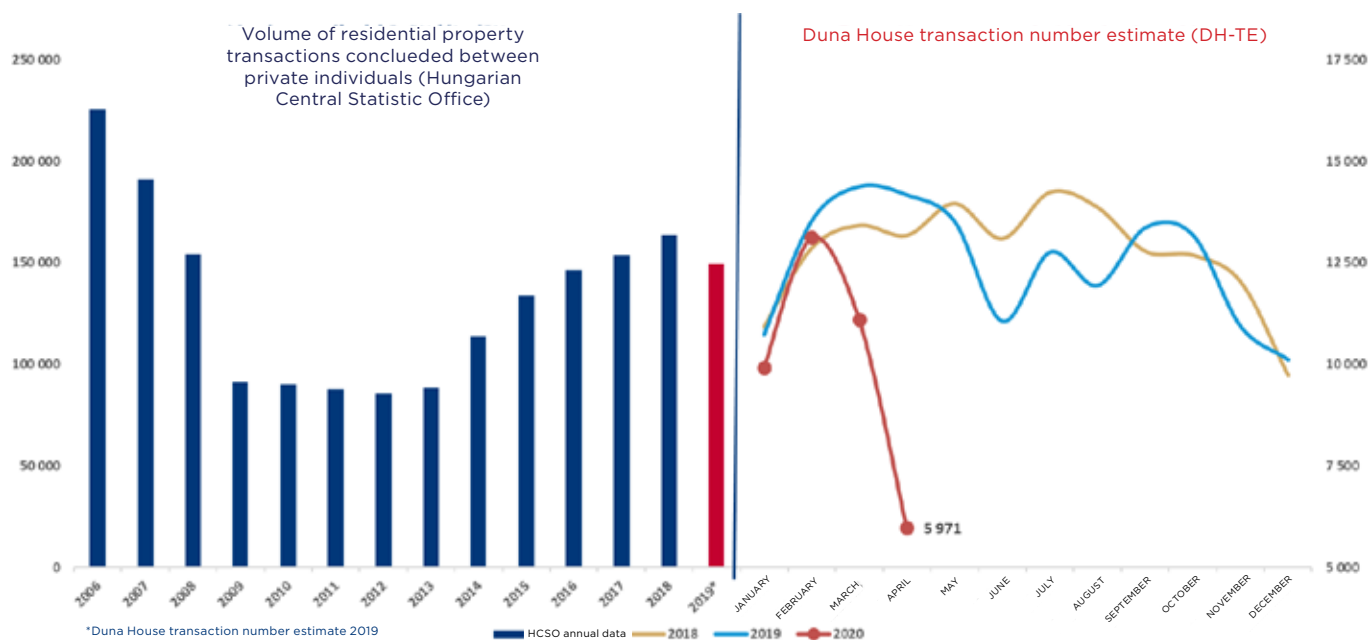
28 per cent of all residential property buyers in the capital were acquiring their first home.



TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

The Hungarian residential property market may have hit rock bottom in April. According to the April estimates of Duna House, as a result of strict social distancing restrictions and economic uncertainties the turnover of the Hungarian property market fell by 58 per cent compared to the same month last year. Weekly transaction figures show that the lowest point was in the first two weeks of April (weeks 15 and 16) with a decrease of 67 per cent, which was followed by a gradual recovery. In week 18, the week spanning the end of April and the start of May the continuous improvement resulted in -53 per cent compared to the same period last year. According to Duna House data demand is on a constant increase every week which will soon be reflected in transaction numbers, too - we are expecting a rising trend, unless the pandemic situation takes a turn for the worse and causes further difficulties.



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	13 117	11 100	5 971								

As far as the mortgage market is concerned, changes are still less drastic compared to the property market. Based on figures published by the Duna House Loan Center there were transactions worth HUF 74.5 billion concluded in April which is a decrease of 12 per cent and 6 per cent compared to the same period last year and to the previous month of 2020, respectively. According to factual figures of the National Bank of Hungary there were property mortgage contracts worth HUF 84.4 billion signed in April 2019, which means a difference of almost HUF 10 billion over this year's figure.



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

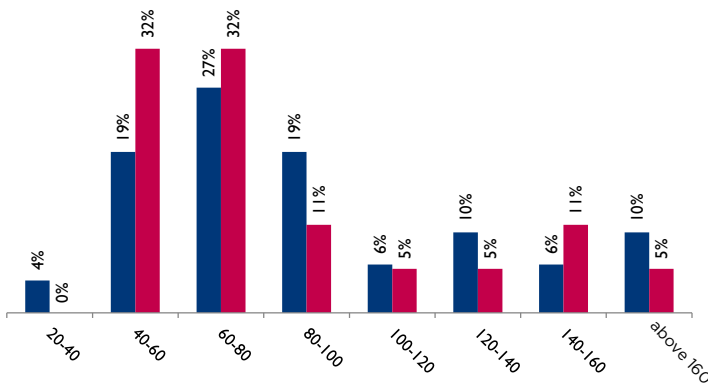
In April 2020 sizes between 40 and 80 sq. m. were the most popular both in Buda and Pest. In Buda and Pest the share of properties between 40-60 sq. m. grew by 13 per cent and 8 per cent, respectively.

Square metre prices in Buda showed a clear increase with 69 per cent of all transactions concluded at prices exceeding HUF 700,000 per sq. m. In Pest, 50 per cent of all sales were concluded at prices above HUF 600,000 per sq. m.

In Pest, properties worth between HUF 25-30 million had the biggest share this April. The share of apartments priced above HUF 70 million grew by 6 per cent compared to the same period last year.

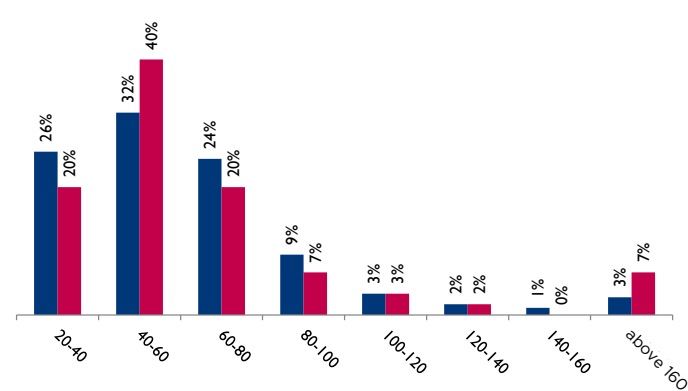
BUDA

Size (m²)

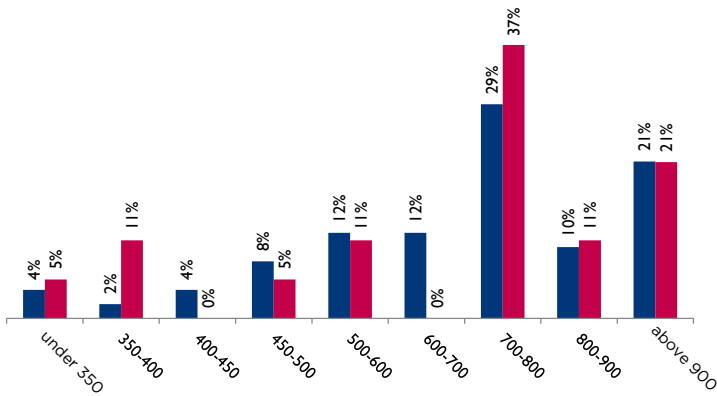


PEST

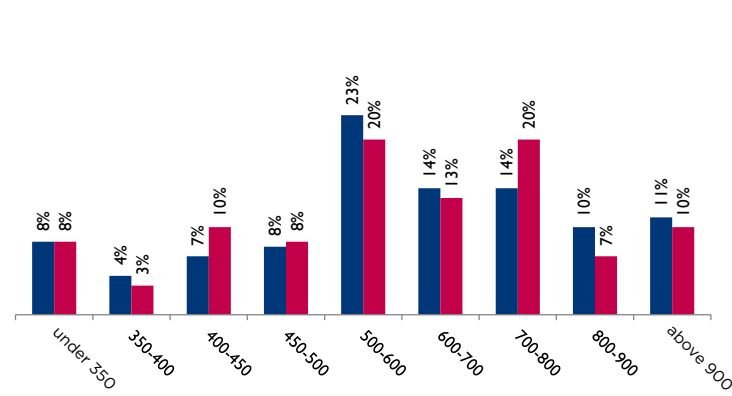
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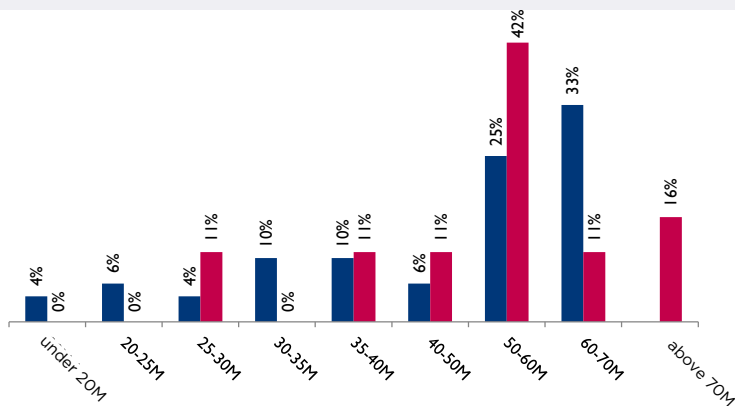
m² price (HUF thousand)



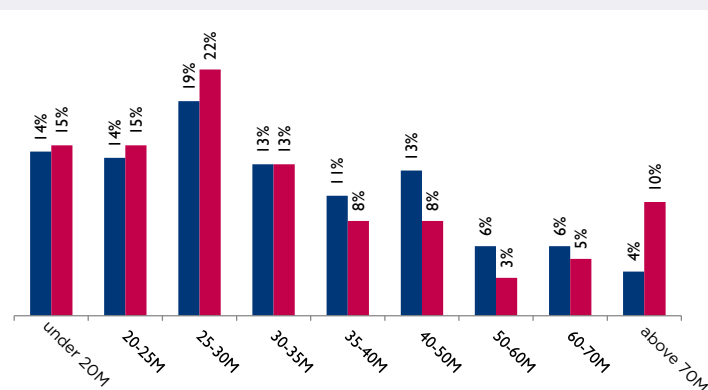
m² price (HUF thousand)



Price (HUF Million)



Price (HUF Million)



■ April 2019
■ April 2020

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

Demand in County Pest favoured larger properties this April: homes between 80-120 sq. m. featured in almost half of all transactions (45 per cent), but even the share of properties larger than 160 sq. m. exhibited a 10 percentage point increase compared to the same period of last year.

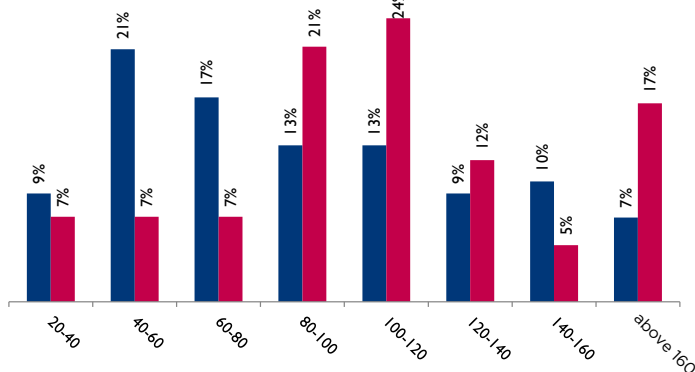
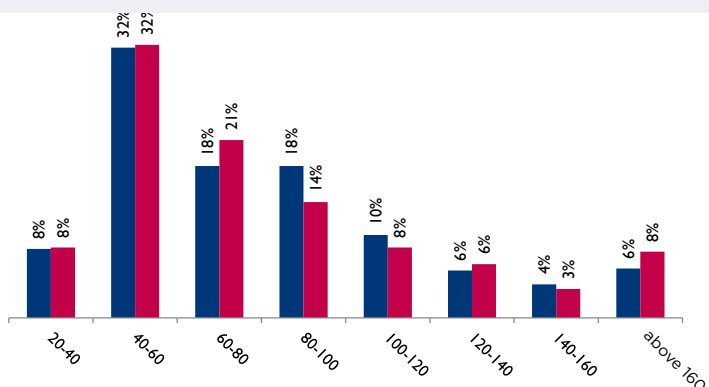
In County Pest, one-third of all transactions were concluded at prices above HUF 40 million. In the country, prices between HUF 10-20 million are still the most prevalent: half of all sales transactions were concluded in this price range.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

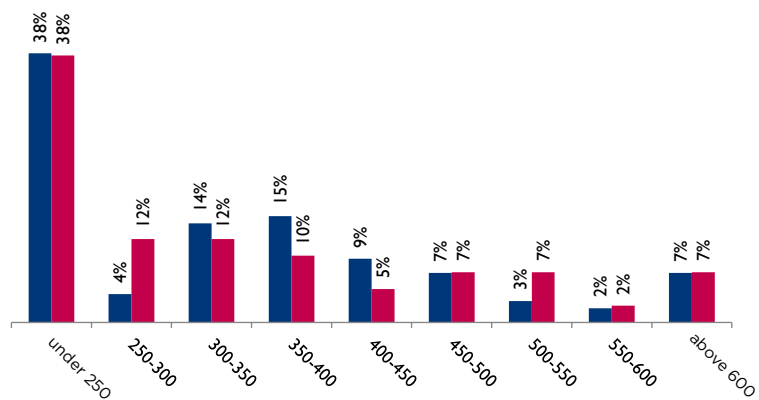
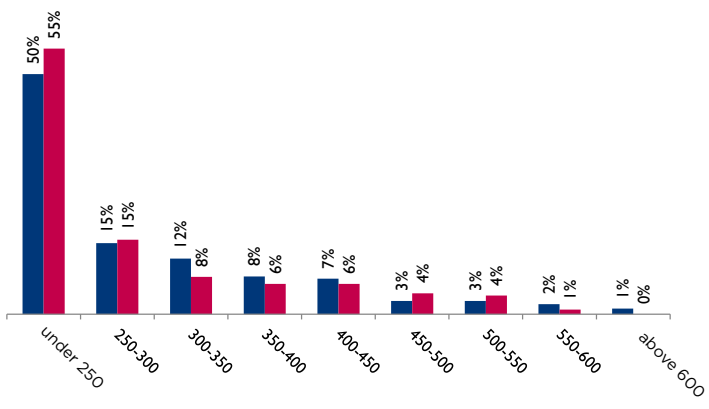
Size (m²)

Size (m²)



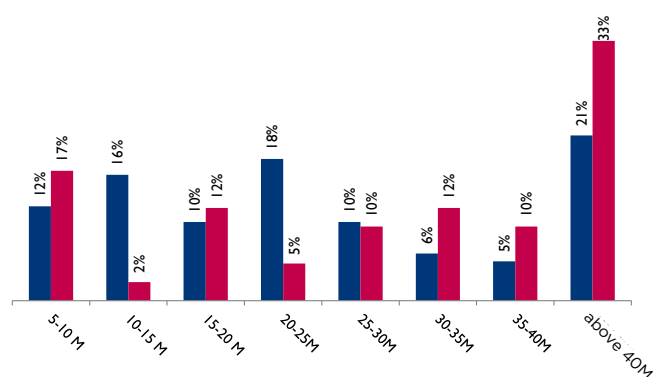
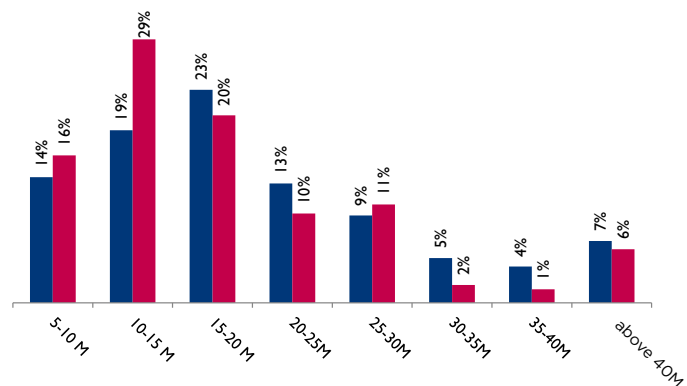
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ April 2019
■ April 2020

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

In the country, property market is in a phase of consolidation. In Western Hungary, average sq. m. prices for concrete block and brick and mortar apartments decreased by 3 per cent and 8 per cent, respectively, compared to the same period of 2019, i.e. the average sq. m. prices are below HUF 300,000 in both cases. By contrast, in the Eastern part of the country the average price of brick and mortar apartments was HUF 360,000, which reflects an increase of 13 per cent compared to April 2019.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
April 2019.	16 624 000	300 000	1%	4%	15 873 000	304 000	1%	3%
April 2020.	15 650 000	308 000	4%	8%	15 518 000	295 000	4%	5%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
April 2019.	17 905 000	319 000	1%	5%	17 637 000	312 000	1%	4%
April 2020.	18 927 000	360 000	2%	7%	15 190 000	286 000	6%	4%

We can detect the first signs of a change in the capital, too: sq. m. prices of concrete block apartments in Pest decreased by 9 per cent on a year-on-year basis, and they are 4 per cent lower even compared to Q1 2020. In Buda and downtown Budapest, however, average sq. m. prices have increased, while there was a 1 per cent decrease in Pest.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
April 2019.	32 933 333	526 000	1%	2%	26 655 000	523 000	1%	2%
April 2020.	29 834 000	524 000	4%	3%	25 074 000	477 000	6%	6%

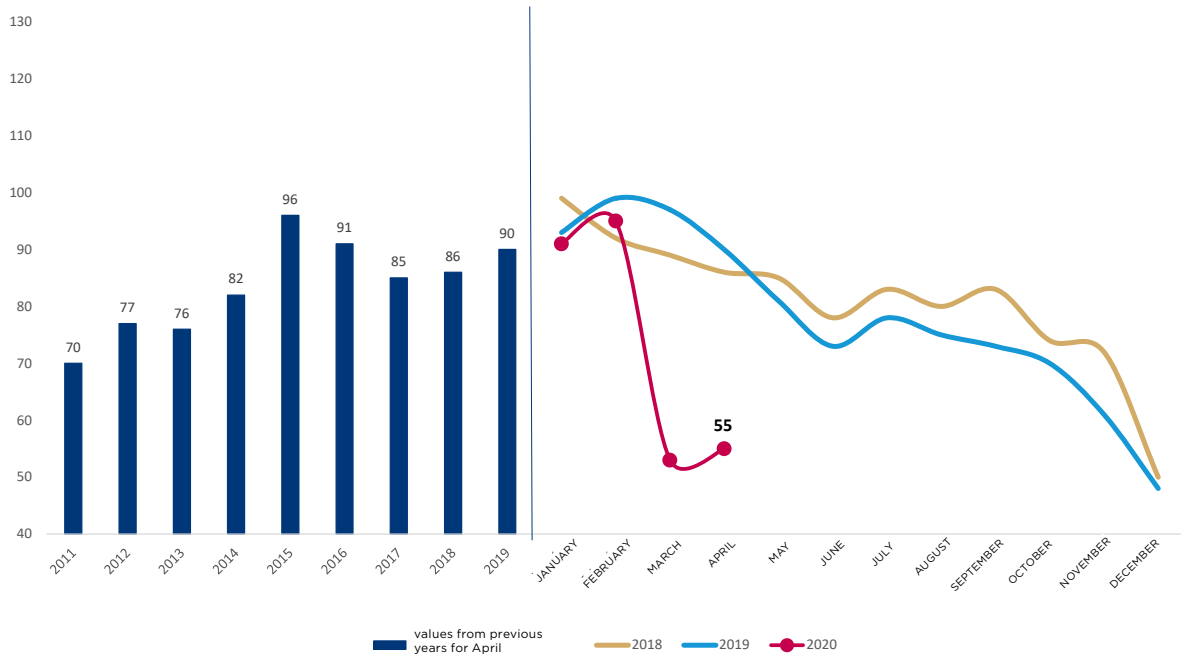
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
April 2019.	58 505 000	750 496	2%	4%	31 502 000	619 317	1%	3%	49 513 000	795 726	1%	3%
April 2020.	67 760 000	842 000	1%	5%	32 761 000	616 000	3%	5%	51 296 000	866 000	6%	9%

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

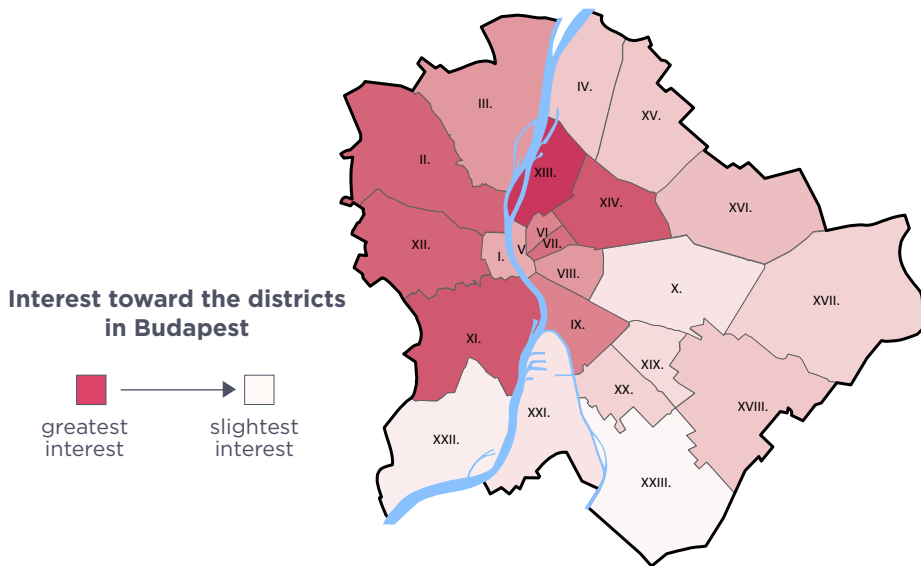
After the lowest point in March there was a slight rebound on the demand side of the residential property market in April. The Duna House Demand Index increased by 2 points and is now at 55 points.



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

There was no significant change for the various districts of Budapest. District 13 is still the most popular among buyers, closely followed by Districts 2 and 14. All in all, demand in 2020 strongly resembles the scenario we encountered back in February 2019.



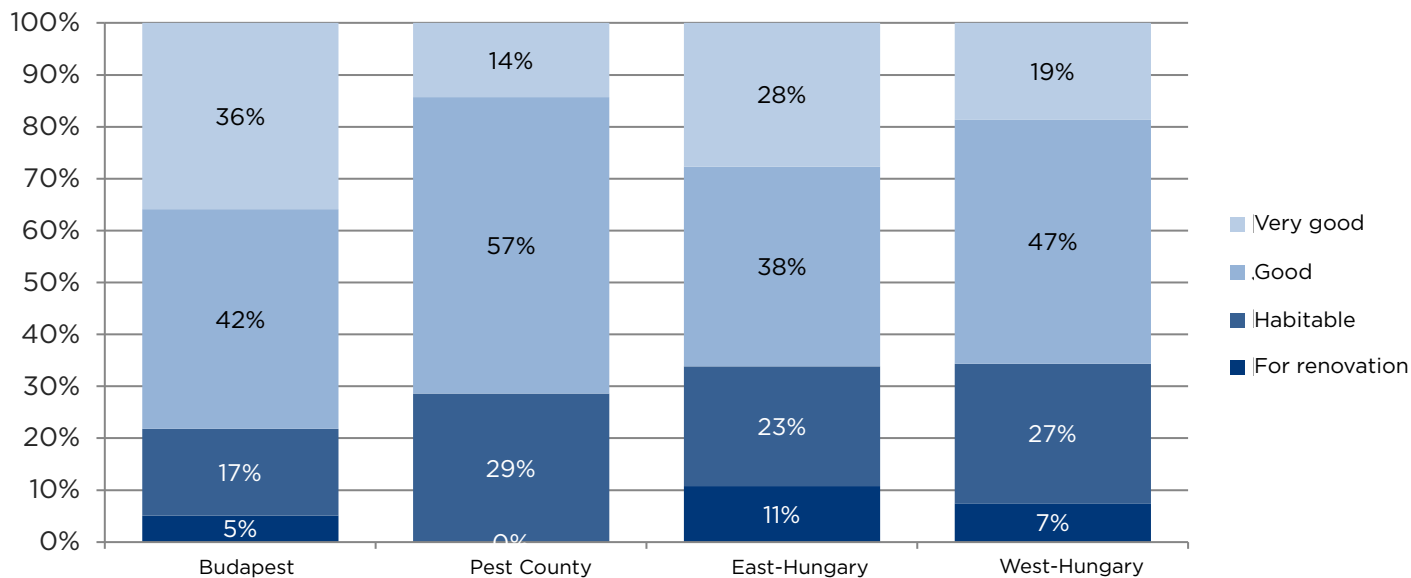
DISTRICT	APRIL 2019.	APRIL 2020.
Budapest 01.	10,0%	7,8%
Budapest 02.	16,6%	15,7%
Budapest 03.	12,2%	13,3%
Budapest 04.	7,0%	7,3%
Budapest 05.	10,3%	8,3%
Budapest 06.	15,2%	11,2%
Budapest 07.	13,7%	11,1%
Budapest 08.	13,3%	8,1%
Budapest 09.	15,0%	10,1%
Budapest 10.	5,4%	6,3%
Budapest 11.	17,1%	16,6%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

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 County Pest and in the Western part of Hungary every second buyer prefers properties in a “good” physical repair. The remaining parts of the country are more of a mixed bag though: the majority of buyers are still looking for properties in a good or very good repair: their proportion in Budapest, County Pest and in Western Hungary is 42 per cent, 57 per cent and 47 per cent, respectively, and these are the most popular categories in Eastern Hungary, too.



TIME NEED OF SALE

Concrete block apartments need more time to sell in every part of the country, especially in Buda, where a successful sale takes two month longer than a year ago. The average time to sell concrete block apartments in Eastern and Western Hungary is three months. Turnover speed got longer for brick and mortar properties, too: in Budapest a sales transaction takes four months on average to complete.

PANEL				
Time need of sale/day				
	East	West	Buda	Pest
April 2019.	66	80	60	67
April 2020.	90	92	116	88

BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
April 2019.	97	91	90	114	127
April 2020.	89	126	122	121	143

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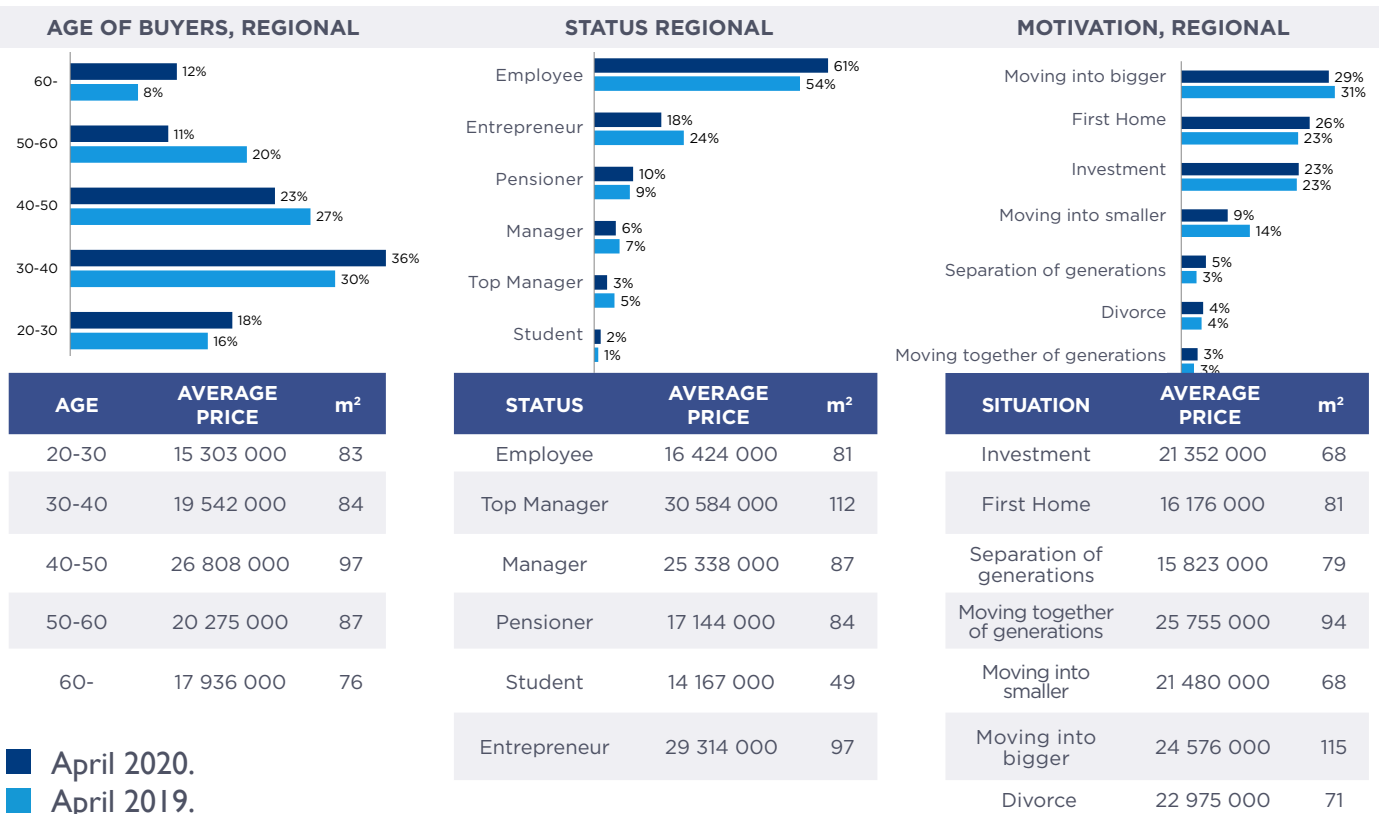
BUYER'S PROFILE BUDAPEST

The age group between 30-50 years of age still comprises more than 50 per cent of all buyers in Budapest. 40 per cent of all buyers in the capital are self-employed, 29 per cent are employees and 13 per cent are top managers. The share of investors was smaller this April than a year ago: only 35 per cent of all transactions were concluded with investment as the main motivation. The average price of properties bought as an investment exceeded HUF 43 million. The share of those buying their first home or moving into a larger property has increased compared to April 2019.



BUYER'S PROFILE ON REGIONAL LEVEL

Those between 30-50 years of age are the most prevalent among buyers in the country, too and, similarly to their peers in Budapest, are predominantly employees. In April the key motivation to buy was, again, moving into a larger home, but the percentage of those buying their first home and making an investment purchase was above 20 per cent, too.

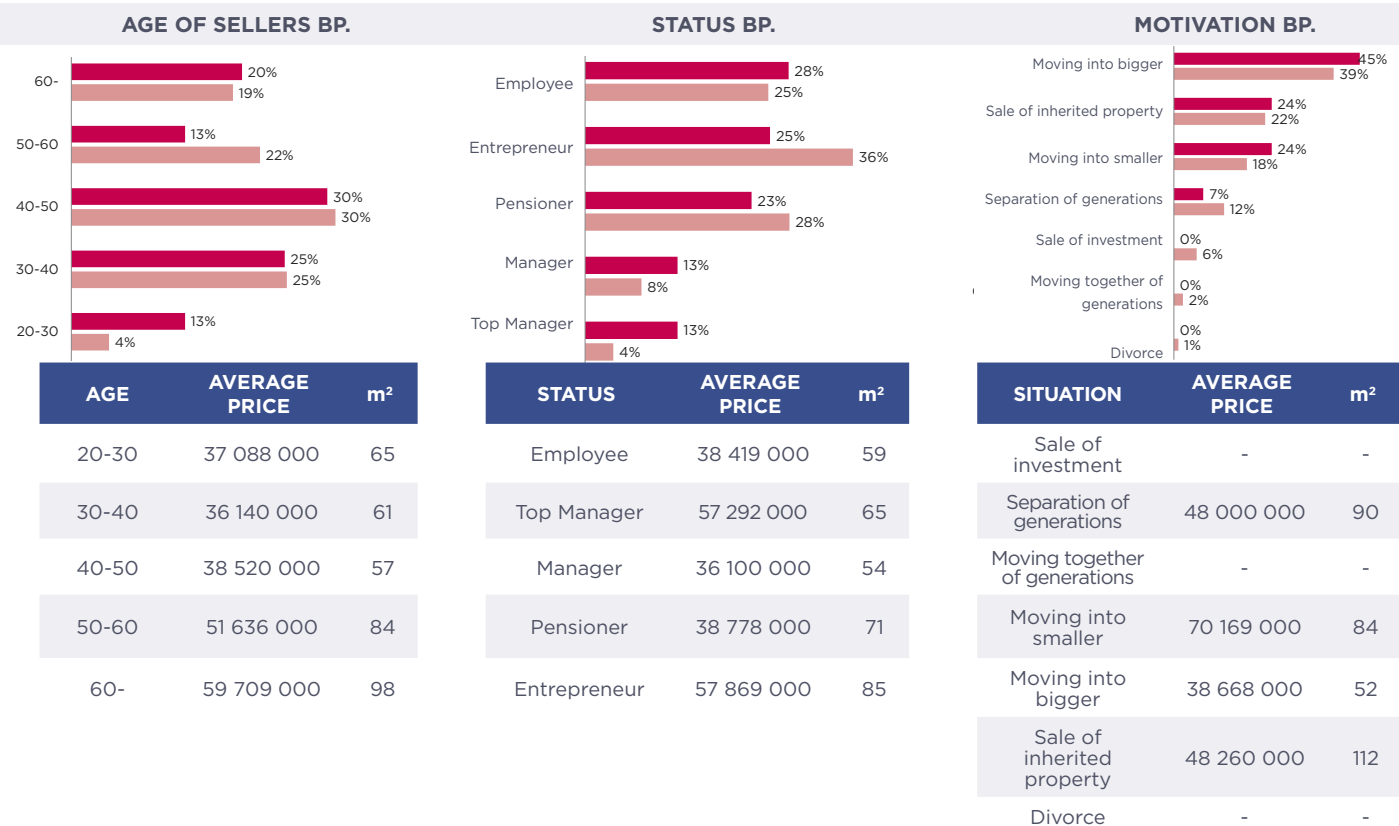


■ April 2020.
■ April 2019.

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

Those between 30-50 years of age are the most prevalent among buyers in the country, too and, similarly to their peers in Budapest, are predominantly employees. In April the key motivation to buy was, again, moving into a larger home, but the percentage of those buying their first home and making an investment purchase was above 20 per cent, too.



SELLER'S PROFILE ON REGIONAL LEVEL

Seller profile in the country is rather similar to that in the capital, although employees had a bigger share here. The main motivation was selling an inherited property with a share of 31 per cent, followed by moving into a larger (28 per cent) or smaller (22 per cent) home.



■ April 2020.
■ April 2019.



PERSONALIZED AND CUSTOMIZED REAL ESTATE MARKET STUDIES FROM DUNA HOUSE'S RESEARCH DEPARTMENT

DECISION SUPPORTIVE BUSINESS ANALYSIS FOR ALL.

Duna House research department's experienced team offers the preparation of personalized and customized market studies, reports, as well as answers to project specific needs.

The greatest advantage of Duna House studies is the provision of the most up-to-date information to our clients, based on our own database of a wide scale and inputs both on the demand and supply side of the market.

Duna House's database is the largest collection of up-to-date real sale and purchase data in the country, containing information in addition to prices about demand, bargain potential, quality preferences and client profiles. Our analytical portfolio also includes the latest mortgage data for the support of a comprehensive research.

WHO IS IT INTENDED FOR?

Our analytical studies can support all those who believe in the power of data and facts, and who wish to make their business decisions based on them.

We recommend our studies to:

- ✓ Constructors and developers
- ✓ Project owners and investors
- ✓ Community managers
- ✓ Municipalities

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OF DUNA HOUSE MARKET DATA!**

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