DUNA HOUSE BAROMETER

The latest property market info from Duna House network

ISSUE 113

NOVEMBER 2020

PRIVACY POLICY

FORTHCOMING ISSUES

Date of issue	Content
12.01.2021	Q4 2020 data (including price indices and housing loan data)
12.02.2021	January 2021 data
12.03.2021	February 2021 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 CONSERNING 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:

EXECUTIVE SUMMARY

AT CURRENT PRICE LEVELS, INVESTORS STICK TO THEIR ASSETS; HOMES IN NEED OF RENOVATION BECOMING MORE POPULAR

As the end of the year is drawing closer, the residential property market is still exhibiting a decreasing but nonetheless active demand based on the data of the Duna House Barometer, which indicates 4% more residential property transactions than a year ago. As far as sales prices are concerned, slight changes happened both upwards and downwards both compared to the previous month and to the previous year, but November was still characterised by stagnating, slightly adjusting prices overall.

The Duna House demand index for the entire market currently stands at 77 points, the highest value since 2015, which means buyers are alert and getting ready for property market changes that are expected to come about at the start of the new year. In Budapest, the contest for buyers' attention was won by District 11 which was designated by 16% of home seekers as the potential location of their new property. The fact that buyers are preparing for changes in the property market is also underlined by the increasing demand for homes in need of a full overhaul. In County Pest and also in Western Hungary there was an above-average demand for properties requiring a renovation or that were in an even poorer condition.

Demand in the districts of downtown Budapest is still lagging behind that from a year ago, and based on November sales figures mostly smaller, more affordable apartments have been changing owners. In downtown Budapest the average value of apartments sold was HUF 44 million, accompanied by a square metre price of almost HUF 900,000, i.e. most apartments fell into the 40-60 sq. m. size category.

Even though investor demand on the property market is traditionally higher at the end of the year, this November the strongest category was first-time home buyers (28%), and investment as a motivation was indicated by a mere 24% of buyers. Back in November 2019 this category had had a share of 43%. That said, there was apparently no intention to sell properties originally bought as an investment. This means that investors have decided to stick to their assets at the current price levels and they are not planning to sell them at present, unless prices achieve levels the owners are striving for. The share of investors among sellers in the capital and in the country was a mere 4% and 5%, respectively. In Budapest, 54% of sellers said their motivation to sell was moving into a larger home.

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3 INTERESTING FACTS:

In County Pest and in Western Hungary there was a strong demand for properties in need of renovation.

Sales contracts signed in November had taken at least 108 days on average to reach this stage.

In Budapest 54% of sellers indicated moving into a larger home as their motivation for the sale.
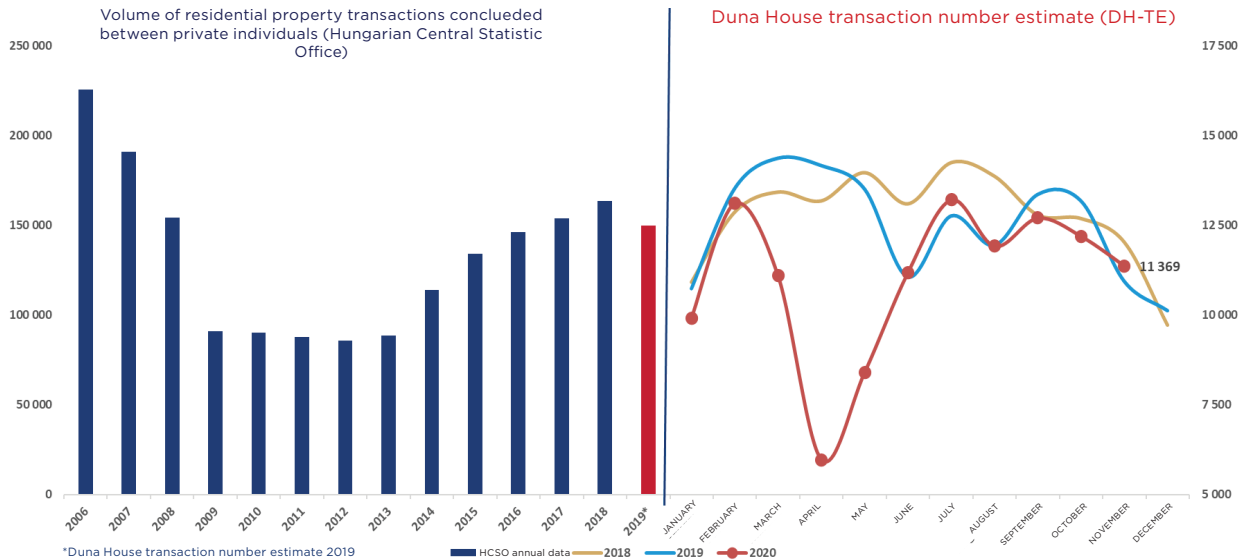
TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

Duna House presents its monthly Transaction Number Estimate (DH-TE) and Mortgage Forecast below, showing that in November 2020 11,369 property transactions were concluded and residential mortgage contracts worth HUF 73 billion were signed in the whole of Hungary.

Based on the estimates of Duna House, the Hungarian residential property market concluded trading in November with 4% more transactions than in November 2019. Owing to the 11,000+ sales contracts the ytd volume already exceeds 121,000 so the full year figure will presumably reach the 130,000 range Duna House had already forecast at the start of this year. Traditionally low December figures will be further weakened by the expectations surrounding the new home subsidies that will be available from 2021 and which, in turn, will give a further boost to the January figures which are normally high after the Christmas holiday season anyway.

Volume of residential property transactions concluded between private individuals (Hungarian Central Statistic Office)

Duna House transaction number estimate (DH-TE)

*Duna House transaction number estimate 2019

HCSO annual data — 2018 — 2019 — 2020

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	8 400	11 186	13 215	11 923	12 708	12 200	11 369	

As far as the mortgage market is concerned, based on market figures Duna House Finances estimates that the volume of residential mortgages will be HUF 73 billion which is 2% less than the factual figures published by the National Bank of Hungary (MNB) for November 2019. Comparing the ytd figures of 2019 and 2020 we can see that despite the effects of COVID-19 the volume of mortgages granted was the same in both years. According to MNB data, financial institutions granted mortgages worth HUF 833.8 billion to Hungarian households between January and November 2019, while based on the factual figures of MNB and on October-November estimates of Duna House Finances this year's mortgage volume reached HUF 836.2 billion.

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!
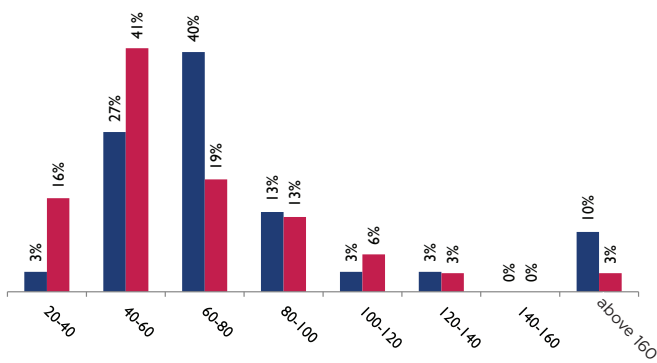
TRANSACTION PARAMETERS IN BUDAPEST

In Buda, the popularity of homes between 60-80 sq. m. plummeted from 40% to 19% in the past year. On the other hand, the share of properties between 40-60 sq. m. grew by 14 percentage points and were responsible for 41% of all transactions concluded in Buda. In Pest there was an even heavier demand for smaller homes than in the same period last year: 66% of all purchases fell into the sub-60 sq. m. category in November.

In Buda, 28% of sales transactions were concluded at sq. m. prices ranging from HUF 600,000 to HUF 700,000, an increase of 11 percentage points compared to November 2019. However, on the Buda side, demand for properties in the HUF 70+ million category decreased by 14 percentage points compared to last November. In Pest, demand for residential properties was varied: the most popular category were properties in the HUF 20-30 million price bracket with a share of 37%.

BUDA

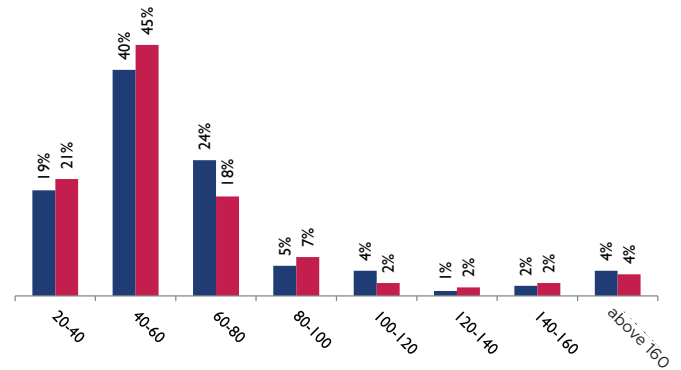### Size (m²)
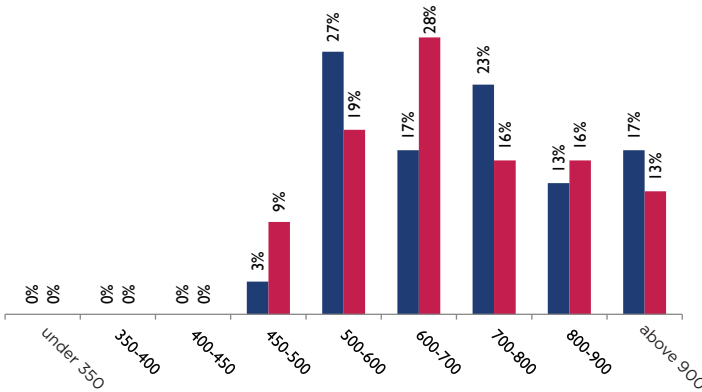

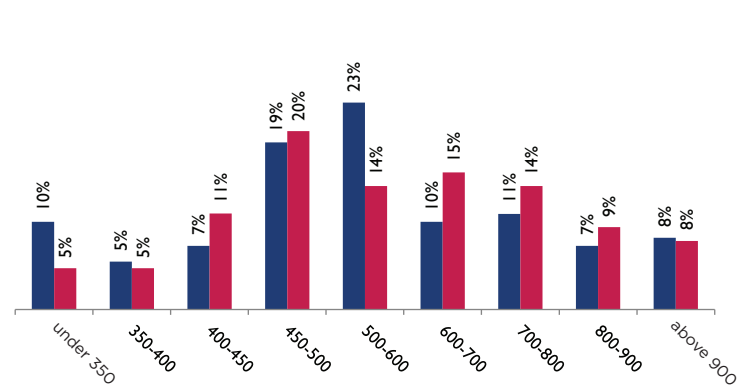### m² price (HUF thousand)

Price (HUF Million)

PEST

Size (m²)

m² price (HUF thousand)
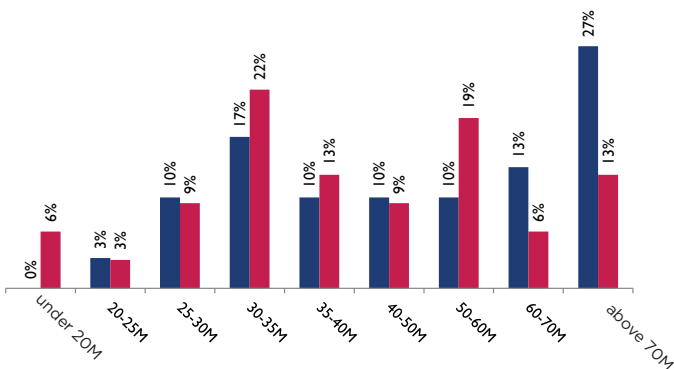
Price (HUF Million)
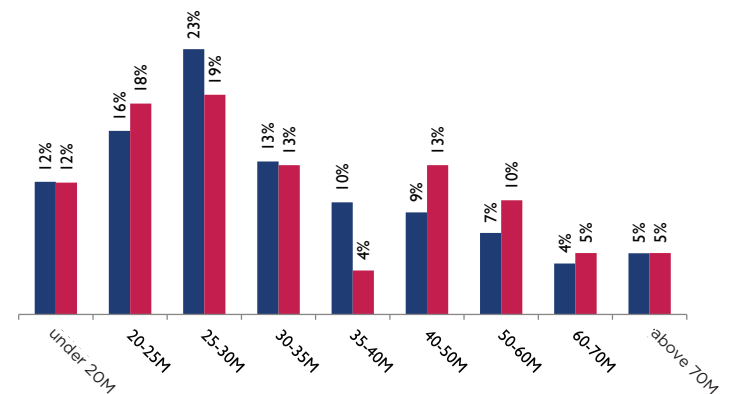
■ November 2019
■ November 2020

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

This November 53% of buyers in the country opted for a property with a floor space between 40-80 sq. m. Outside Budapest, 39% of all homes changed hands at prices below HUF 250,000 per sq. m. Demand for properties in the country in the HUF 15-20 million price range increased by 8 percentage points compared to the same period last year, while demand for properties between HUF 5-10 million decreased by 9 percentage points compared to November 2019.

In County Pest the picture is rather varied. Here, properties in the HUF 250,000 or less were the most popular, but even this showed a 12% decrease compared to the same period last year. Almost one third of all sales transactions were concluded at prices exceeding HUF 40 million. Demand for residential properties between HUF 500—600 sq. m. grew by 15 percentage points.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)
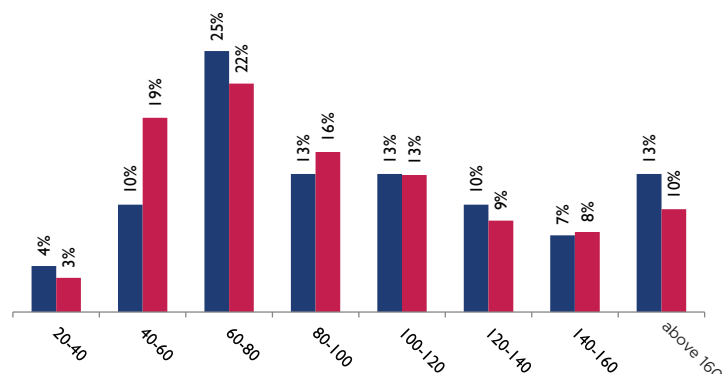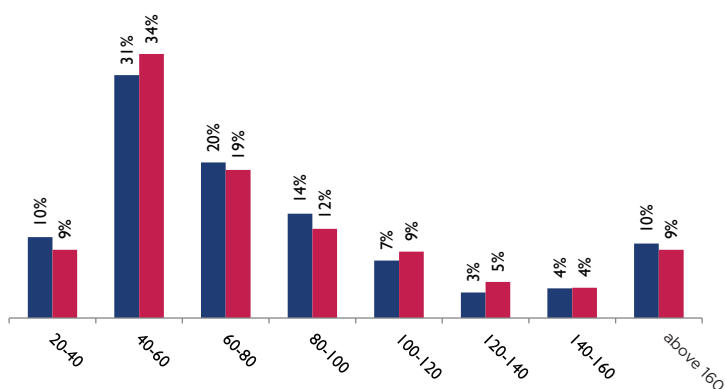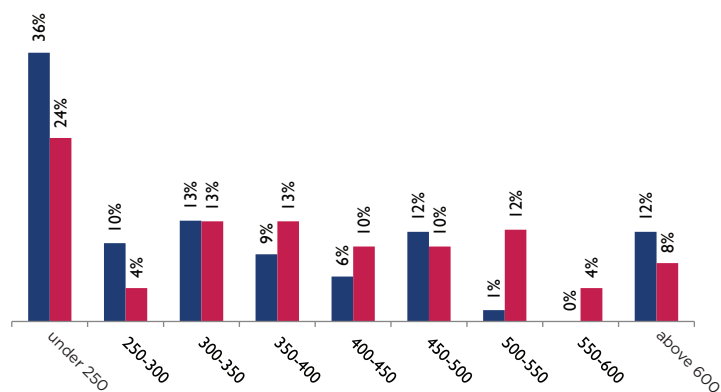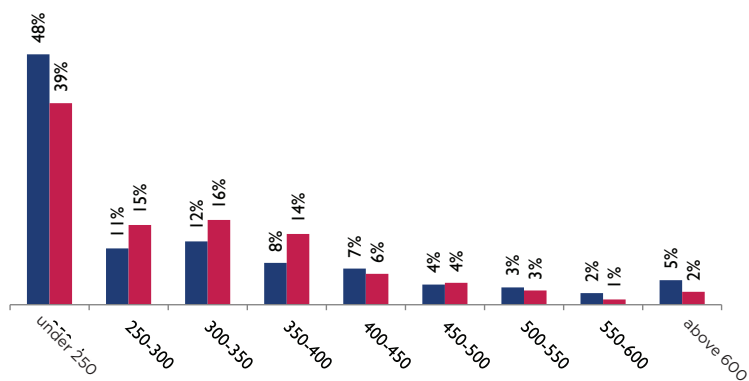
Size (m²)

m² price (HUF thousand)

Price (HUF Million)

PEST COUNTY

### Size (m²)

m² price (HUF thousand)

Price (HUF Million)
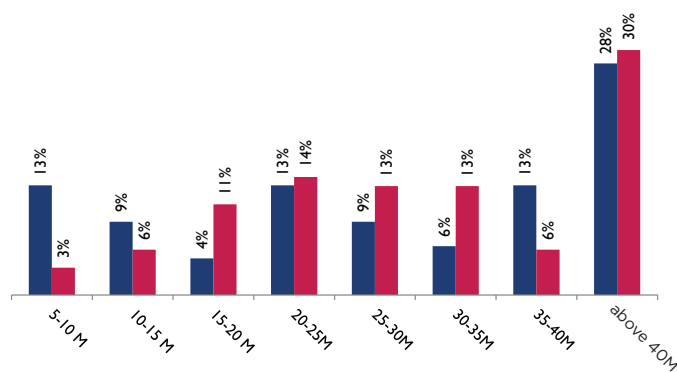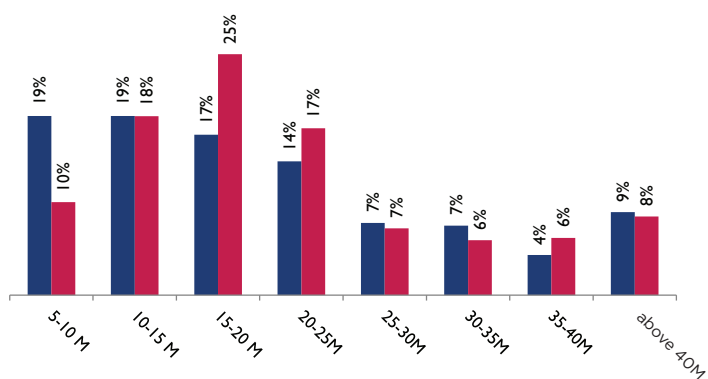
■ November 2019
■ November 2020

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

The average sq. m. price of concrete block apartments in the Eastern and Western parts of the country grew by 4% and 16%, respectively, compared to the same period last year. Based on November sales data the average sq. m. price of brick and mortar properties decreased by 3% and grew by 15% in the East and in the West, respectively. Buyers' positions were similar to those in November 2019.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m² price	Change in listing price	Bargain	price	m² price	Change in listing price	Bargain
November 2019.	17 898 000	319 000	4%	8%	16 817 000	301 000	2%	4%
November 2020.	17 878 000	332 000	5%	3%	19 042 000	349 000	2%	4%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m² price	Change in listing price	Bargain	price	m² price	Change in listing price	Bargain
November 2019.	20 202 000	370 000	4%	4%	16 947 000	285 000	2%	5%
November 2020.	20 918 000	359 000	2%	5%	19 033 000	329 000	2%	6%

Compared to November 2019 the average selling price of concrete block properties sold in November grew by 14% and decreased by 2% in Buda and in Pest, respectively. As far as sq. m. prices of pre-owned brick and mortar apartments are concerned, on a year-on-year basis there was a 3% and 8% increase in Pest and Buda, respectively. The fact that properties sold at prices 10%-13% less than the initial asking price is a sign of a strong buyers' position in the whole of Budapest.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m² price	Change in listing price	Bargain	price	m² price	Change in listing price	Bargain
November 2019.	31 183 000	540 000	2%	2%	28 250 000	491 000	6%	3%
November 2020.	34 480 000	618 000	3%	2%	26 979 000	483 000	3%	4%

BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m² price	Change in listing price	Bargain	price	m² price	Change in listing price	Bargain	price	m²price	Change in listing price	Bargain
November 2019.	56 934 000	768 000	4%	3%	29 119 000	572 000	3%	5%	72 842 000	826 000	8%	5%
November 2020.	48 259 000	832 000	8%	5%	32 967 000	589 000	6%	6%	44 061 000	893 000	6%	4%

Based on purchase prices of the given period of properties brokered by Duna House.

Methodology: Change in the listing price is the difference between the first price indicated by the seller in the Duna House assignment and the last registered price at the time of the appearance of the buyer. Bargain shows additional changes in the price agreed upon by the seller and buyer. The two indicators together give a good picture of the difference in price between the original idea of the seller and the actual final price

BUYERS - DEMAND INDEX

The Duna House Demand Index decreased a little compared to the previous month and is currently at 77 points. This is indicative of a still strong demand and a still active property market in the whole of Hungary.

| | values from previous years for November | 2018 | 2019 | 2020 |
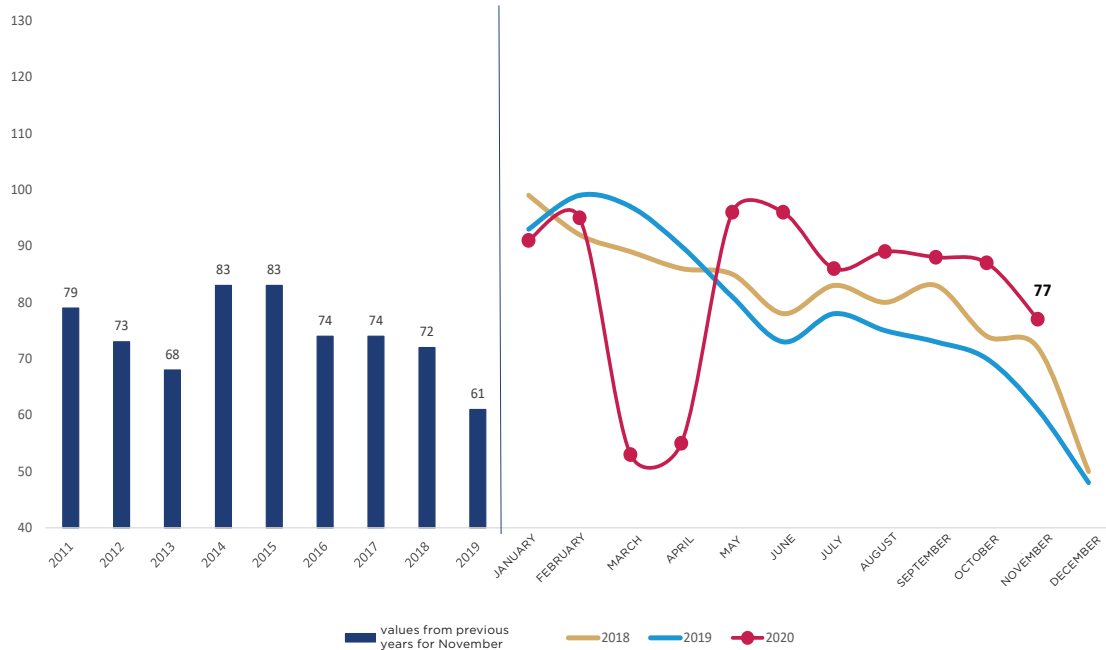
Methodology behind Demand Index: The basis of the estimate is the activity registered by our agents in various, mainly major cities and Duna House offices. Corrections are made depending on the number of active agents and working days. The Demand Index is an important indication of buyer side's reactions 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 November 2020 the demand contest was won by District 11, followed by Districts 13 and 2. All the districts of downtown Budapest lost in popularity compared to the same period of last year.

Interest toward the districts in Budapest

greatest interest → slightest interest

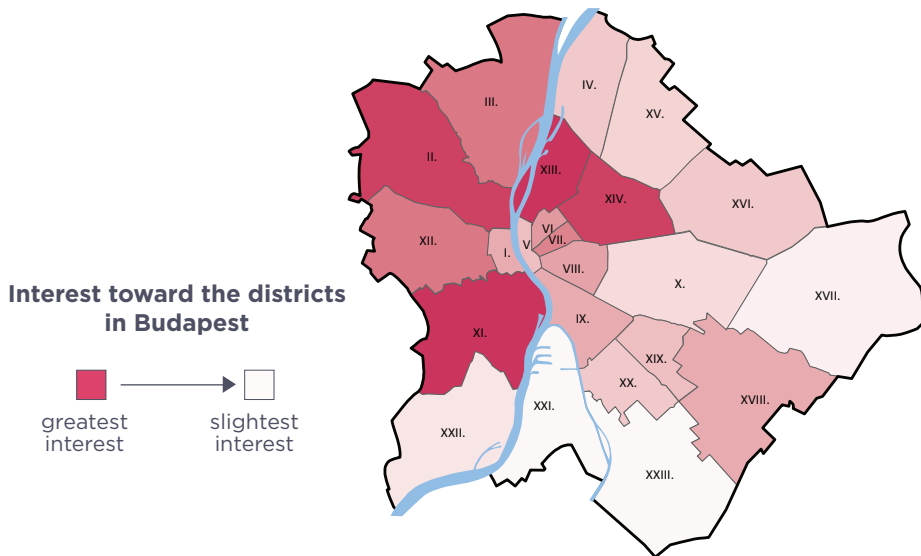| DISTRICT	NOVEMBER 2019.	NOVEMBER 2020.
Budapest 01.	8,1%	8,9%
Budapest 02.	15,6%	15,8%
Budapest 03.	11,2%	12,4%
Budapest 04.	6,3%	7,4%
Budapest 05.	11,0%	7,8%
Budapest 06.	14,3%	10,6%
Budapest 07.	15,1%	11,5%
Budapest 08.	11,4%	9,9%
Budapest 09.	11,2%	8,9%
Budapest 10.	4,8%	6,1%
Budapest 11.	15,3%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

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 are still looking for properties in a good or very good repair with a share between 60% and 78%. Demand for properties in need of repair and in a habitable condition was the highest in County Pest and in Western Hungary, with 35% and 40% of buyers opting for them, respectively.
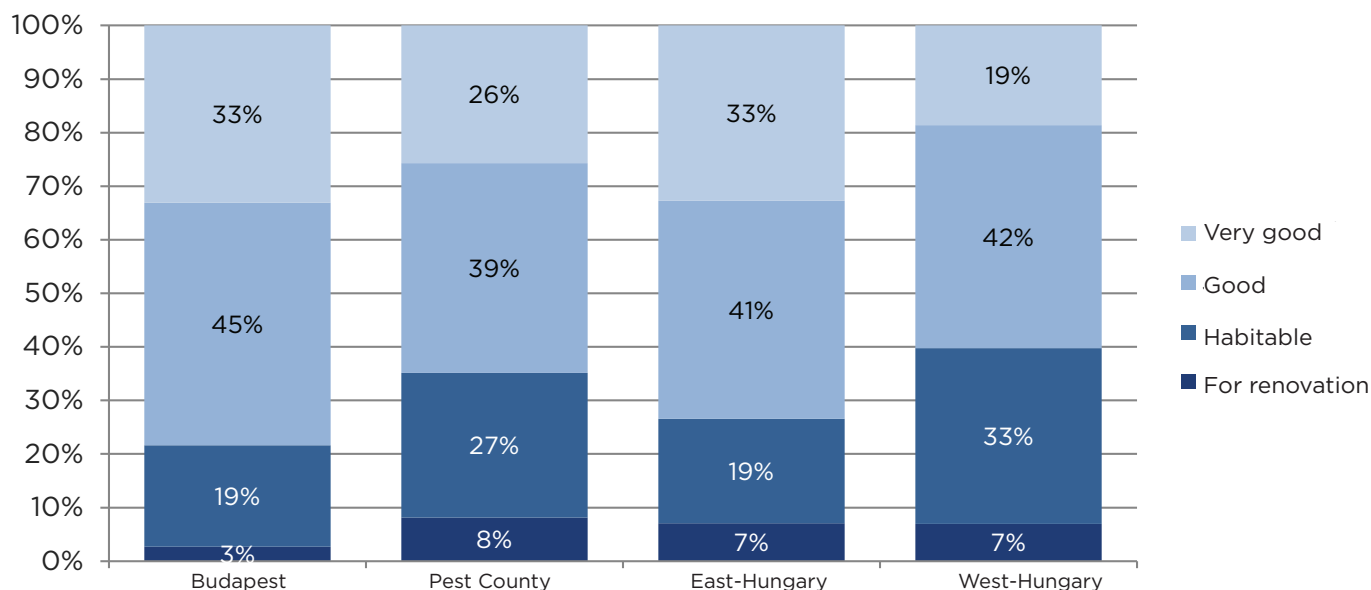
TIME NEED OF SALE

Turnover speed is decelerating, i.e. the average time to sell has increased in the whole of Hungary. In November sellers needed to wait at least 108 days on average for a successful transaction, while this time last year two months may have sufficed to sell a residential property. Concrete block apartments were a little quicker to sell than their brick and mortar counterparts; the average time needed to sell the latter was 3.5-7 months.

PANEL				
Time need of sale/day				
	East	West	Buda	Pest
November 2019.	60	64	90	73
November 2020.	108	111	109	115

BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
November 2019.	86	119	106	99	119
November 2020.	106	139	125	147	203

BUYER'S PROFILE BUDAPEST

This November 57% of buyers fell into the 30-50 age group. 41% and 25% of buyers in Budapest were employees and self-employed, respectively. In November 2019 their share was just the opposite. The share of investment-motivated purchases decreased with a share of a mere 24% compared to 43% in last November. This year investment-motivated buyers were overtaken by first-time buyers whose share grew to 28%.

AGE OF BUYERS BP.

AGE	AVERAGE PRICE	m²
20-30	28 833 000	48
30-40	37 972 000	63
40-50	42 505 000	70
50-60	41 114 000	74
60-	41 358 000	60

STATUS BP.

STATUS	AVERAGE PRICE	m²
Employee	34 578 000	61
Top Manager	67 600 000	105
Manager	38 320 000	64
Pensioner	40 098 000	58
Student	27 334 000	45
Entrepreneur	45 736 000	64

MOTIVATION BP.

SITUATION	AVERAGE PRICE	m²
Investment	35 774 000	62
First Home	31 342 000	56
Separation of generations	32 583 000	50
Moving together of generations	58 117 000	123
Moving into smaller	45 984 000	59
Moving into bigger	50 507 000	82
Divorce	34 960 000	61

BUYER'S PROFILE ON REGIONAL LEVEL

Buyers' age distribution in the country was similar to that in November 2019. As in the capital, the majority of buyers in the country were employees with a share of 50%. The key motivation to buy with a share of 28% was moving into a larger home.

AGE OF BUYERS, REGIONAL

AGE	AVERAGE PRICE	m²
20-30	21 848 000	88
30-40	24 953 000	93
40-50	27 816 000	92
50-60	21 326 000	77
60-	26 558 000	72

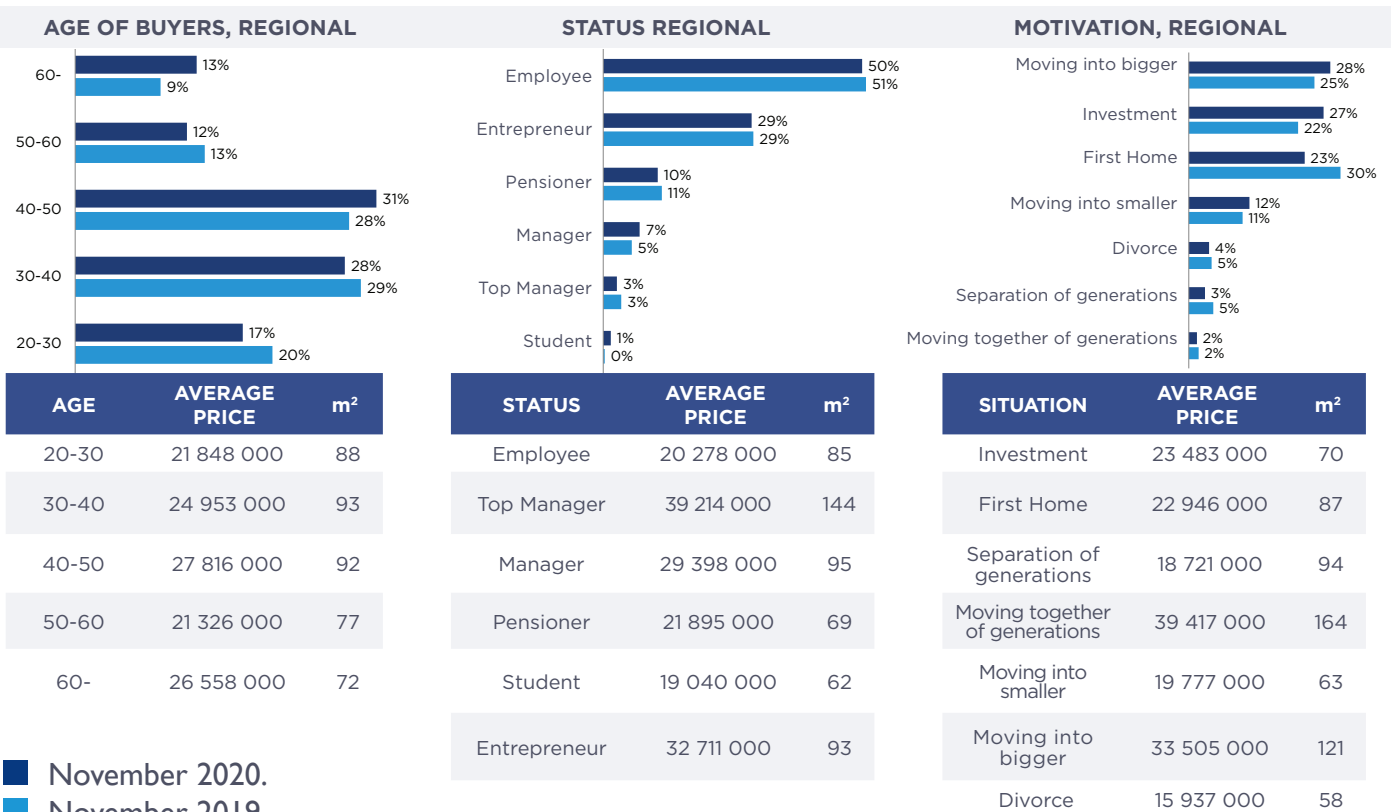## STATUS REGIONAL

STATUS	AVERAGE PRICE	m²
Employee	20 278 000	85
Top Manager	39 214 000	144
Manager	29 398 000	95
Pensioner	21 895 000	69
Student	19 040 000	62
Entrepreneur	32 711 000	93

MOTIVATION, REGIONAL

SITUATION	AVERAGE PRICE	m²
Investment	23 483 000	70
First Home	22 946 000	87
Separation of generations	18 721 000	94
Moving together of generations	39 417 000	164
Moving into smaller	19 777 000	63
Moving into bigger	33 505 000	121
Divorce	15 937 000	58

■ November 2020.
■ November 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

As usual, the age distribution of sellers was varied. This November 33% of sellers in Budapest were between 40 and 50 years of age. The share of the 20-30 age group increased. In November 2020 the largest seller group were employees. The key motivation to sell was still moving into a larger home: this year 54% of all sales belonged in this category compared to 22% in November 2019.

AGE OF SELLERS BP.

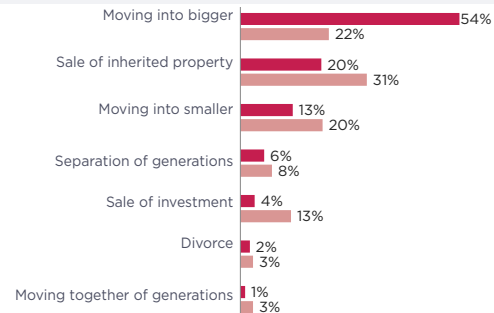|	November 2020	November 2019
60-	17%	17%
50-60	19%	20%
40-50	33%	34%
30-40	24%	26%
20-30	8%	4%
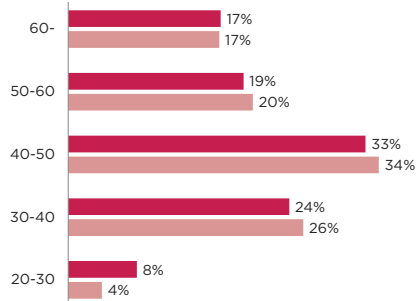
AGE	AVERAGE PRICE	m²
20-30	32 656 000	48
30-40	34 773 000	53
40-50	37 366 000	71
50-60	42 599 000	75
60-	38 990 000	67

STATUS BP.

	November 2020	November 2019
Employee	40%	28%
Entrepreneur	28%	41%
Pensioner	21%	19%
Manager	7%	8%
Top Manager	4%	4%
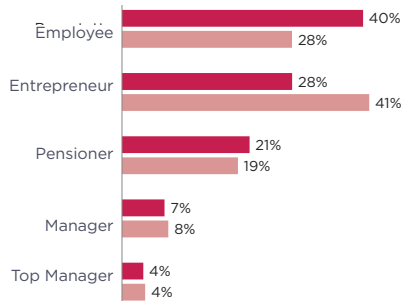
STATUS	AVERAGE PRICE	m²
Employee	32 678 000	56
Top Manager	66 000 000	182
Manager	30 984 000	50
Pensioner	43 598 000	83
Entrepreneur	45 665 000	67

MOTIVATION BP.

	November 2020	November 2019
Moving into bigger	54%	22%
Sale of inherited property	20%	31%
Moving into smaller	13%	20%
Separation of generations	6%	8%
Sale of investment	4%	13%
Divorce	2%	3%
Moving together of generations	1%	3%

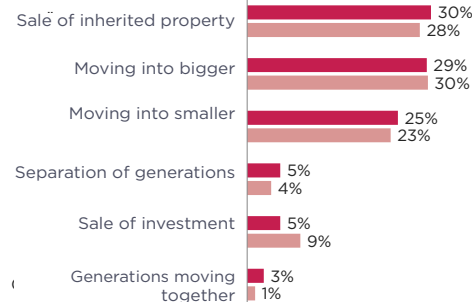| SITUATION	AVERAGE PRICE	m²
Sale of investment	52 634 000	102
Separation of generations	43 720 000	72
Moving together of generations	17 500 000	33
Moving into smaller	58 855 000	138
Moving into bigger	34 727 000	55
Sale of inherited property	33 042 000	58
Divorce	56 200 000	122

SELLER'S PROFILE ON REGIONAL LEVEL

Seller profile in the country was somewhat more balanced than in Budapest, but employees were the largest seller group here, too. The main motivation to sell with 30% was parting with an inherited property, followed by moving into a larger and into a smaller home.

AGE OF SELLERS, REGIONAL

	November 2020	November 2019
60-	26%	23%
50-60	20%	21%
40-50	26%	34%
30-40	22%	19%
20-30	6%	4%
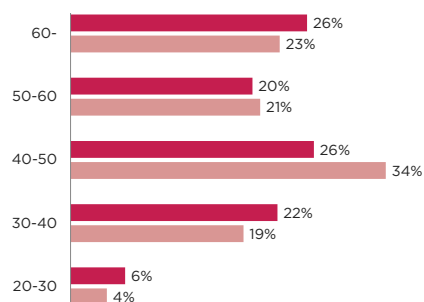
AGE	AVERAGE PRICE	m²
20-30	20 167 000	87
30-40	26 138 000	82
40-50	27 628 000	90
50-60	23 870 000	85
60-	22 045 000	95

STATUS REGIONAL

	November 2020	November 2019
Employee	43%	40%
Entrepreneur	28%	32%
Pensioner	25%	22%
Manager	3%	5%
Top Manager	2%	2%
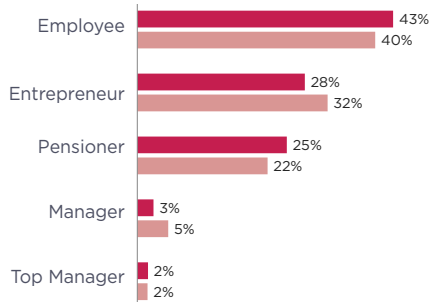
STATUS	AVERAGE PRICE	m²
Employee	19 977 000	77
Top Manager	31 500 000	109
Manager	29 558 000	117
Pensioner	21 928 000	101
Entrepreneur	34 543 000	97

MOTIVATION, REGIONAL

	November 2020	November 2019
Sale of inherited property	30%	28%
Moving into bigger	29%	30%
Moving into smaller	25%	23%
Separation of generations	5%	4%
Sale of investment	5%	9%
Generations moving together	3%	1%

SITUATION	AVERAGE PRICE	m²
Sale of investment	40 344 000	118
Separation of generations	25 835 000	111
Moving together of generations	18 844 000	67
Moving into smaller	29 229 000	113
Moving into bigger	23 015 000	69
Sale of inherited property	19 332 000	85
Divorce	35 315 000	107

■ November 2020.
■ November 2019.

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..

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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