

DUNA HOUSE BAROMETER

The latest property market info
from Duna House network

98. issue

2019. AUGUST



DHS
BÉT
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FORTHCOMING ISSUES

Date of issue	Content
October 12, 2019.	2019. Q3 data (including price indexes and housing loan data)
November 12, 2019.	October data
December 12, 2019.	November 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.



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 market turnover in August was weaker than the usual, producing the weakest summer season of the past four years. Because of a strong year start, the complete data of the first eight months shows no major decrease when compared to previous years.

In Buda, 26% of property market transactions fell in the 900.000 HUF and above price range, accounting for a 19% expansion since last August. In Pest, transaction volume in the same price range reached 14%, presenting a 10% increase since last year. In addition, in Buda, 24% of transactions were realized for over 70 Million HUF.

Outside Budapest, regionally, the typical square meter price is 300-350.000 HUF, depending on property type. In Budapest, on the other hand, square meter price in most cases exceeds 500.000 HUF, with the most frequented locations reaching even one million HUF.

There are no outstanding changes as far as time need for sale is concerned; in most cases we see minimal decrease, with only western counties and some Pest districts presenting minor increase.

Further information

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3 INTERESTING FACTS:

In accordance with Duna House data, 102.104 property sale and purchase transaction took place in the first eight months.

Square meter price of brick flats in Buda and the Inner City is close to 1.000.000 HUF.

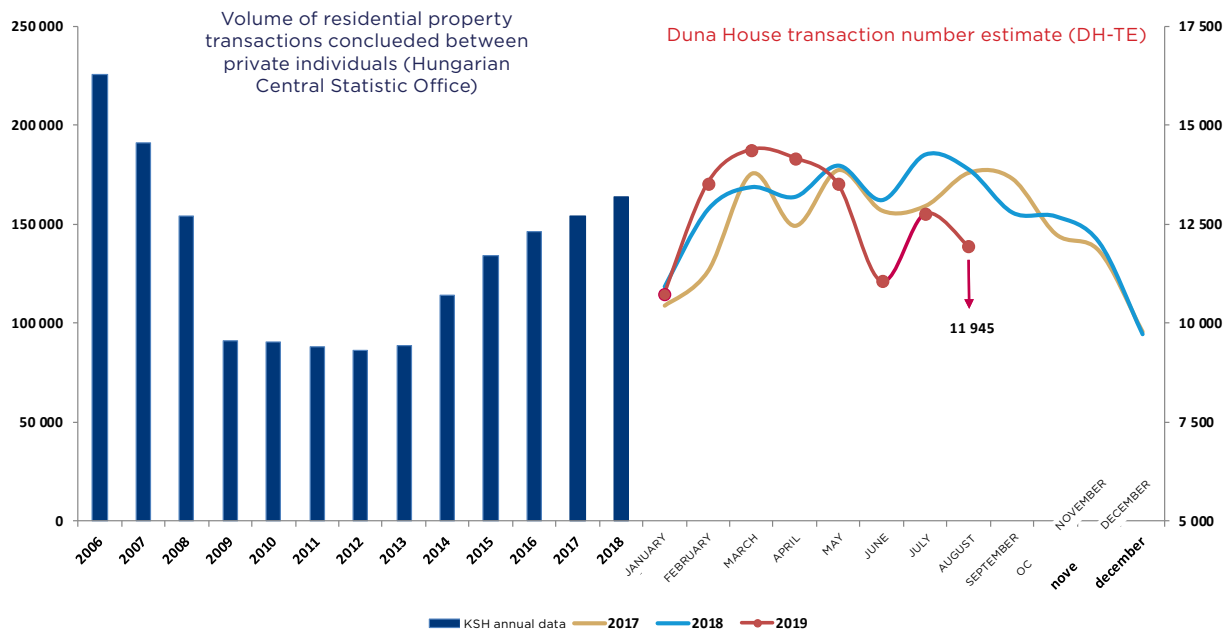
In Budapest, contrary to the usual, majority acquired very good quality property.



TRANSACTION DATA

Duna House Transaction Number Estimate (DH-TE)

In August we have seen another decrease in property market turnover volume, accounting for a 16% lower result than last year. With August in total, this has been the weakest summer season in the past four years, and means a 15% fallback for the July-August period. When looking at the total annual tendency, the first eight months shows no major decrease when compared to previous years due to the strong year start. Duna House estimates a 102 104 sale and purchase transaction volume for the first eight months of the year, which is 3% behind last year, but stronger than the previous two years. The decrease measured this summer has more reasons based on our agents' experience – on one side; stronger economy brings longer and more frequent travels in summer. On the other hand, positive effects of the new family support measures are not visible in the demand so far. This latter may change in the forthcoming autumn season.



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				



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.

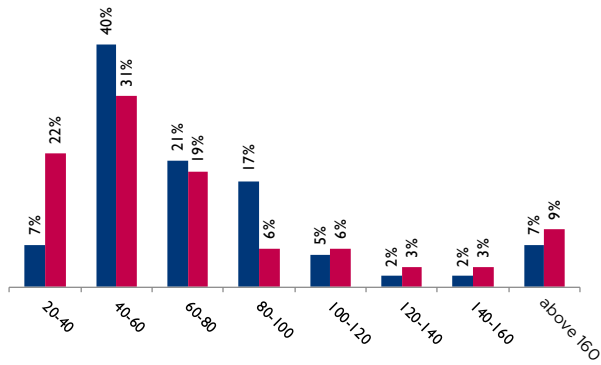
Please note that DH-TE data is not appropriate for defining the volume of transactions brokered by Duna House!

TRANSACTION PARAMETERS IN BUDAPEST

In Buda, 31% of purchased properties fell in the 40-60 size range. The same type accounted for 36% in Pest, proving the leading position of this size range again. Square meter price in the capital in many cases exceeded 900.000 HUF, primarily in Buda locations accounting for 26%. In Buda, 24% of the transactions were closed for over 70 Million HUF.

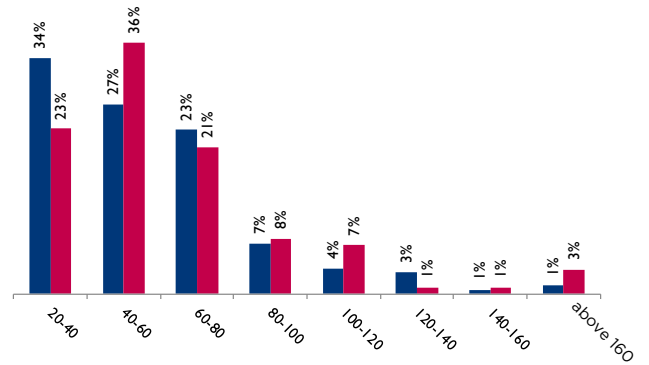
BUDA

Size (m²)

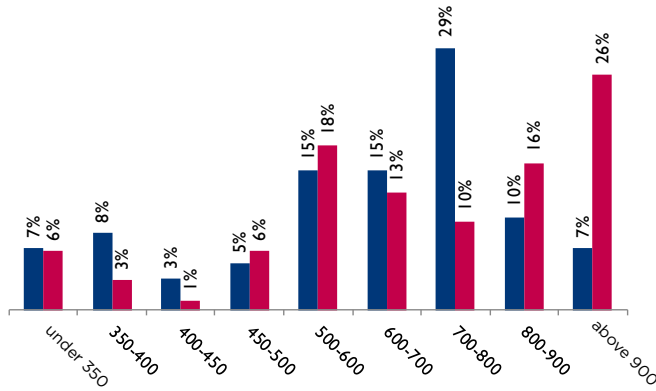


PEST

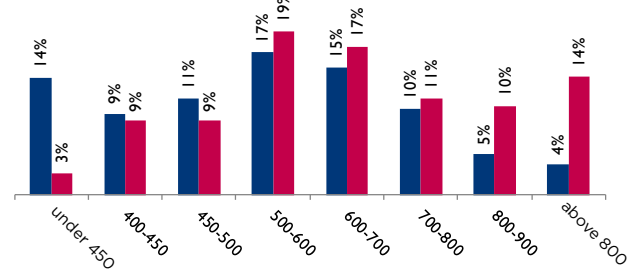
Size (m²)



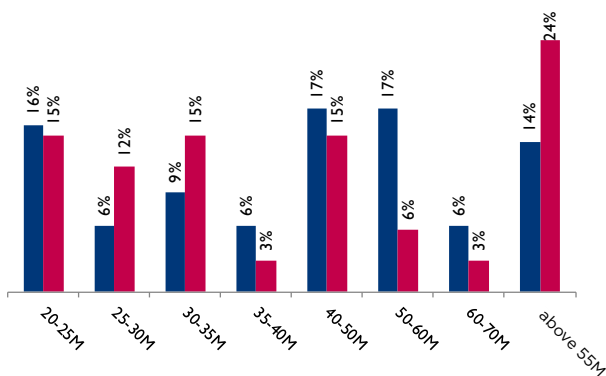
m² price (HUF thousand)



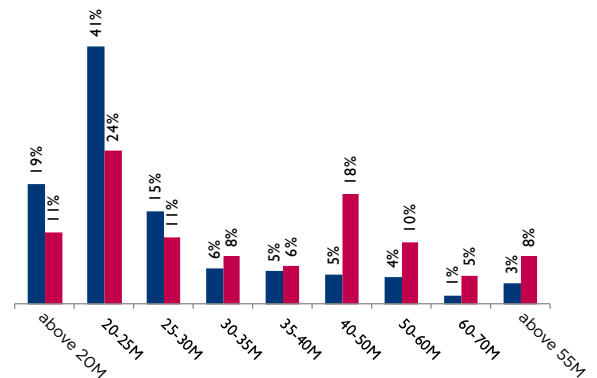
m² price (HUF thousand)



Price (HUF Million)



Price (HUF Million)



■ August 2018.
■ August 2019.

Based on properties sold by Duna House Franchise Network.

TRANSACTION PARAMETERS REGIONALLY

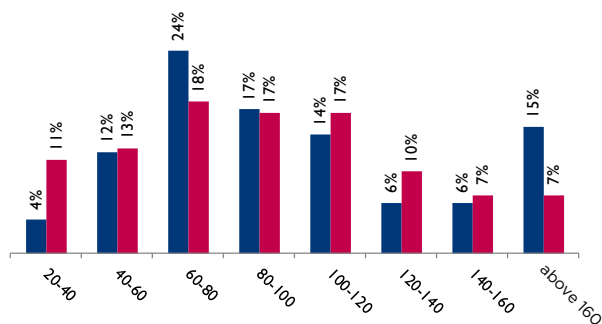
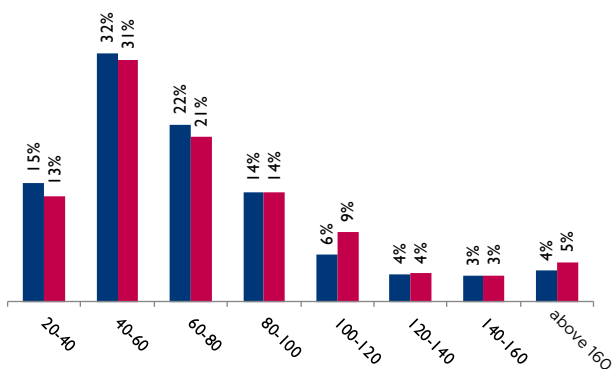
Although we see some movement toward higher categories, prices outside Budapest are still significantly lower. The most popular size was moving between 40 and 80 m2. Majority of sale and purchases were in the 250.000 HUF/m2 or under price range, with Pest County still presenting a 23% proportion of a total price exceeding 40 Million.

COUNTRYWIDE (WITHOUT CENTRAL-HUNGARY)

PEST COUNTY

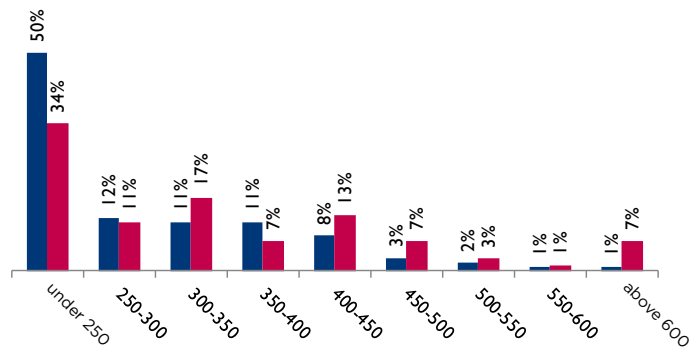
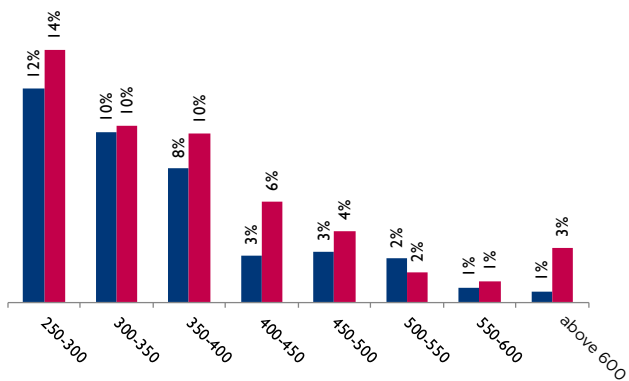
Size (m²)

Size (m²)



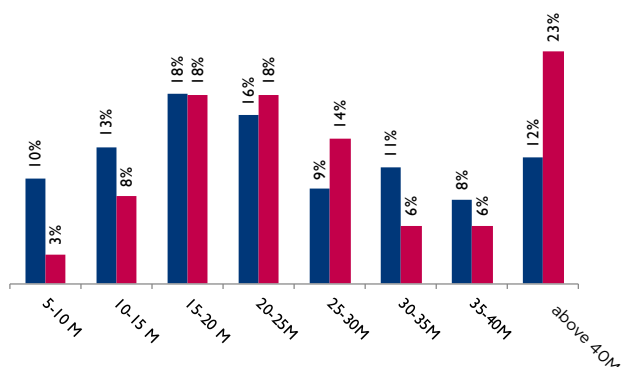
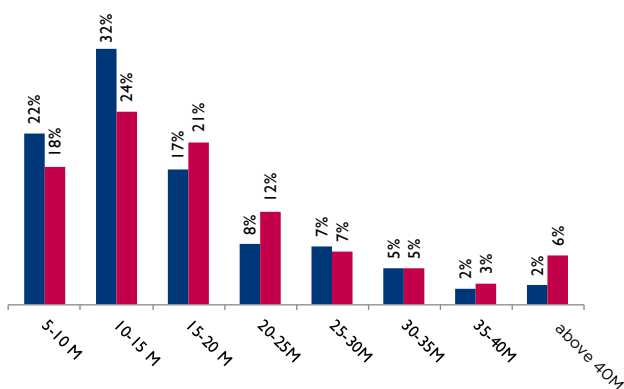
m² price (HUF thousand)

m² price (HUF thousand)



Price (HUF Million)

Price (HUF Million)



■ August 2018.
■ August 2019.

Based on properties sold by Duna House Franchise Network.

PRICES - RESIDENTIAL FLAT DATA

While last year buyers calculated with square meter prices under 300.000 HUF outside Budapest, this August average m2 price was way above 300 thousand. Panel flats in East were sold for 358.000 HUF/m2, brick flats for 367.000 HUF/m2 on average. In western regions, average m2 price of panel flats was 315.000 HUF, and 332.000 HUF in case of brick flats. Bargain potential has somewhat increased in case of brick properties, but it is still under 5%.

PANEL COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
August 2018.	12 831 000	261 000	1%	4%	11 360 000	238 000	1%	3%
August 2019.	18 910 000	358 000	3%	4%	15 769 000	315 000	2%	3%

BRICK COUNTRYWIDE								
	EAST				WEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
August 2018.	16 769 000	302 000	2%	2%	12 900 000	278 000	1%	4%
August 2019.	19 873 000	367 000	2%	5%	18 887 000	332 000	3%	5%

Square meter price of panel flats in Buda districts has exceeded 550.000 HUF, which indicates a 14% price increase since last years. On the Pest side, price increase was 6%, with an average m2 price still remaining under 500.000 HUF.

In August, Duna House has measured a nearly 1.000.000 HUF m2 price for brick properties in Buda and Inner City districts. In Pest, square meter prices were somewhat lower, with an average 650.000 HUF value.

PANEL BUDAPEST								
	BUDA				PEST			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
August 2018.	25 383 000	512 000	3%	3%	22 225 000	428 000	2%	3%
August 2019.	31 290 000	583 000	1%	2%	22 825 000	454 000	3%	1%

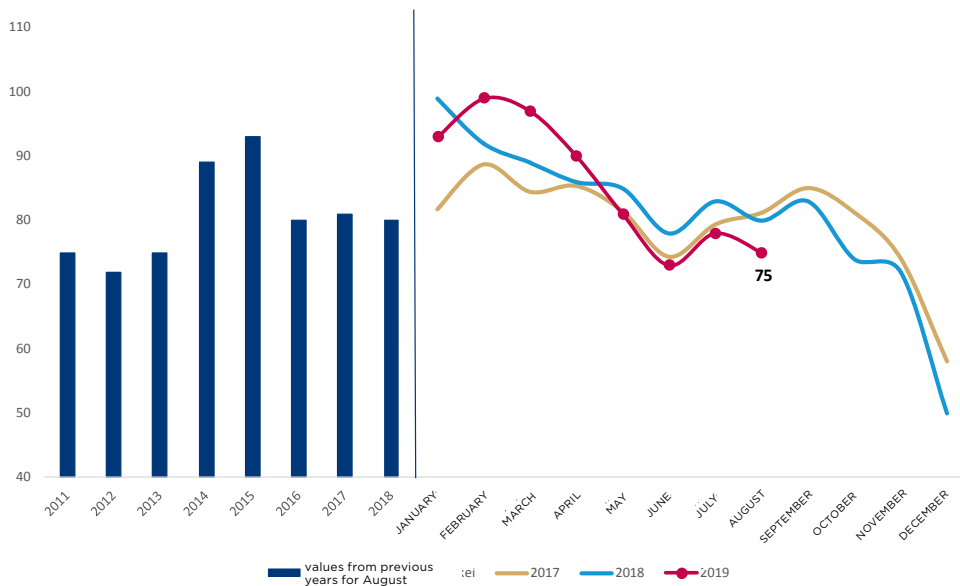
BRICK BUDAPEST												
	BUDA				PEST				INNER CITY			
	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain	price	m ² price	Change in listing price	Bargain
August 2018.	51 107 000	698 000	2%	4%	25 361 000	523 000	2%	3%	44 414 000	685 000	3%	4%
August 2019.	56 611 000	937 000	1%	3%	35 682 000	641 000	4%	4%	53 033 000	829 000	2%	6%

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

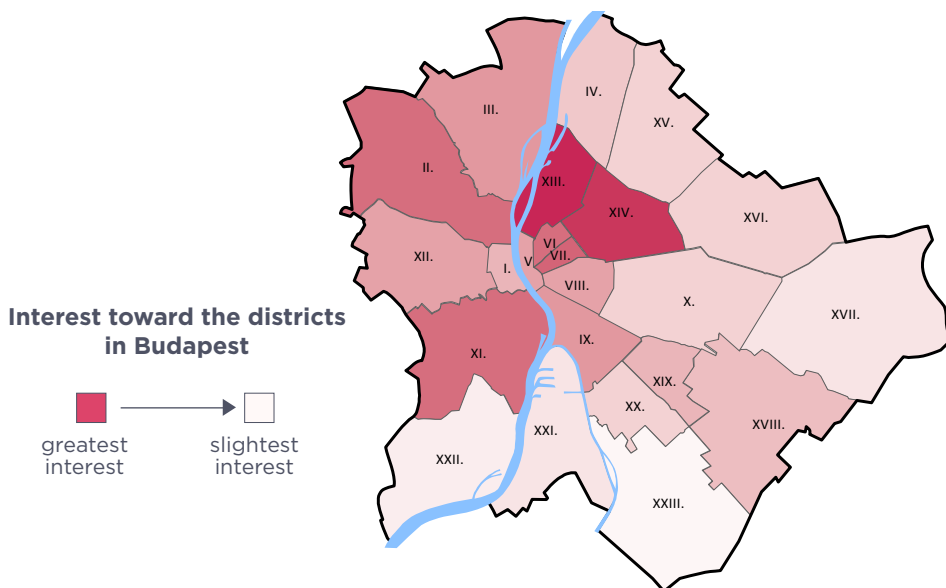
Demand on the property market is still lower, as Duna House Demand Index closed August on 75%. This is lower than data from previous years, and we can expect further decrease until the end of the year due to seasonality.



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.



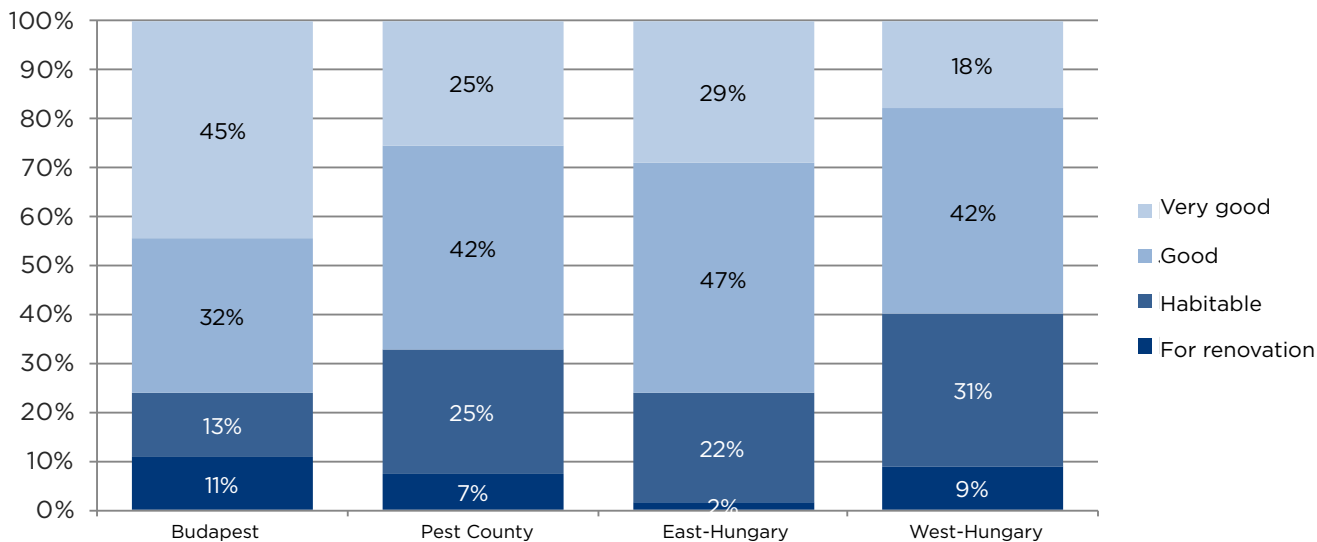
DISTRICT	2018. AUGUST	2019. AUGUST
Budapest 01.	7,6%	8,9%
Budapest 02.	14,4%	14,1%
Budapest 03.	11,5%	11,4%
Budapest 04.	7,9%	7,3%
Budapest 05.	10,4%	10,3%
Budapest 06.	14,9%	14,2%
Budapest 07.	15,5%	15,0%
Budapest 08.	12,8%	10,9%
Budapest 09.	13,8%	11,5%
Budapest 10.	6,8%	6,6%
Budapest 11.	14,6%	14,2%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

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, most buyers purchased very good quality property, while on regional level properties with minor renovation need were the most demanded. Buyers do not seem to vote for more complex renovation; in East Hungary the proportion of low quality reached only 2%.



TIME NEED OF SALE

Time need for sale is stagnating in most cases. When selling panel flats we can calculate with 59-69 days, with only Budapest showing longer period. Duna House saw similar data in case of brick flats in August, with 100 days on average. Shortest times are seen in eastern region, both is case of panel and brick properties.

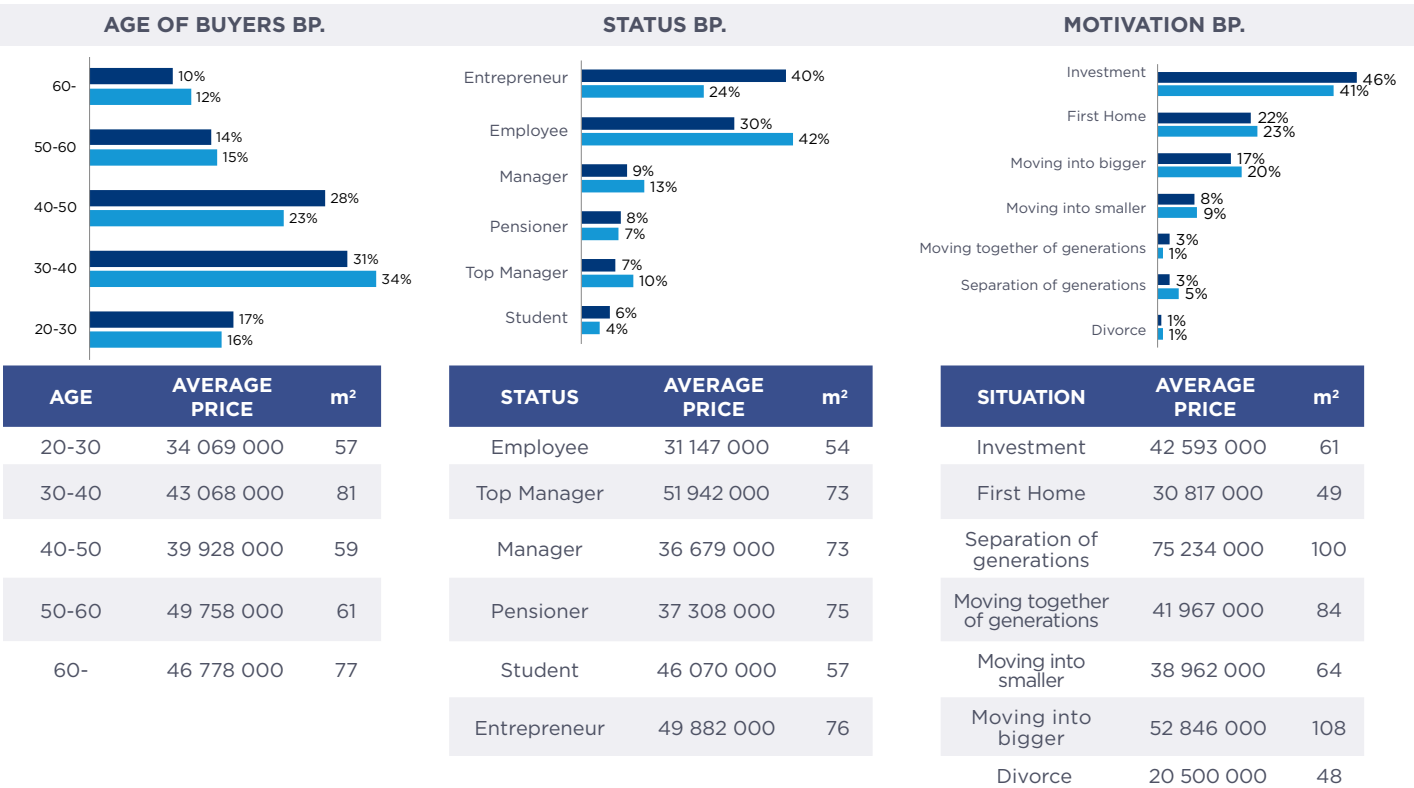
PANEL				
Time need of sale/day				
	East	West	Buda	Pest
August 2018.	63	58	70	55
August 2019.	59	66	69	64

BRICK					
Time need of sale/day					
	East	West	Buda	Pest	Inner city
August 2018.	96	111	99	98	103
August 2019.	69	85	96	94	99

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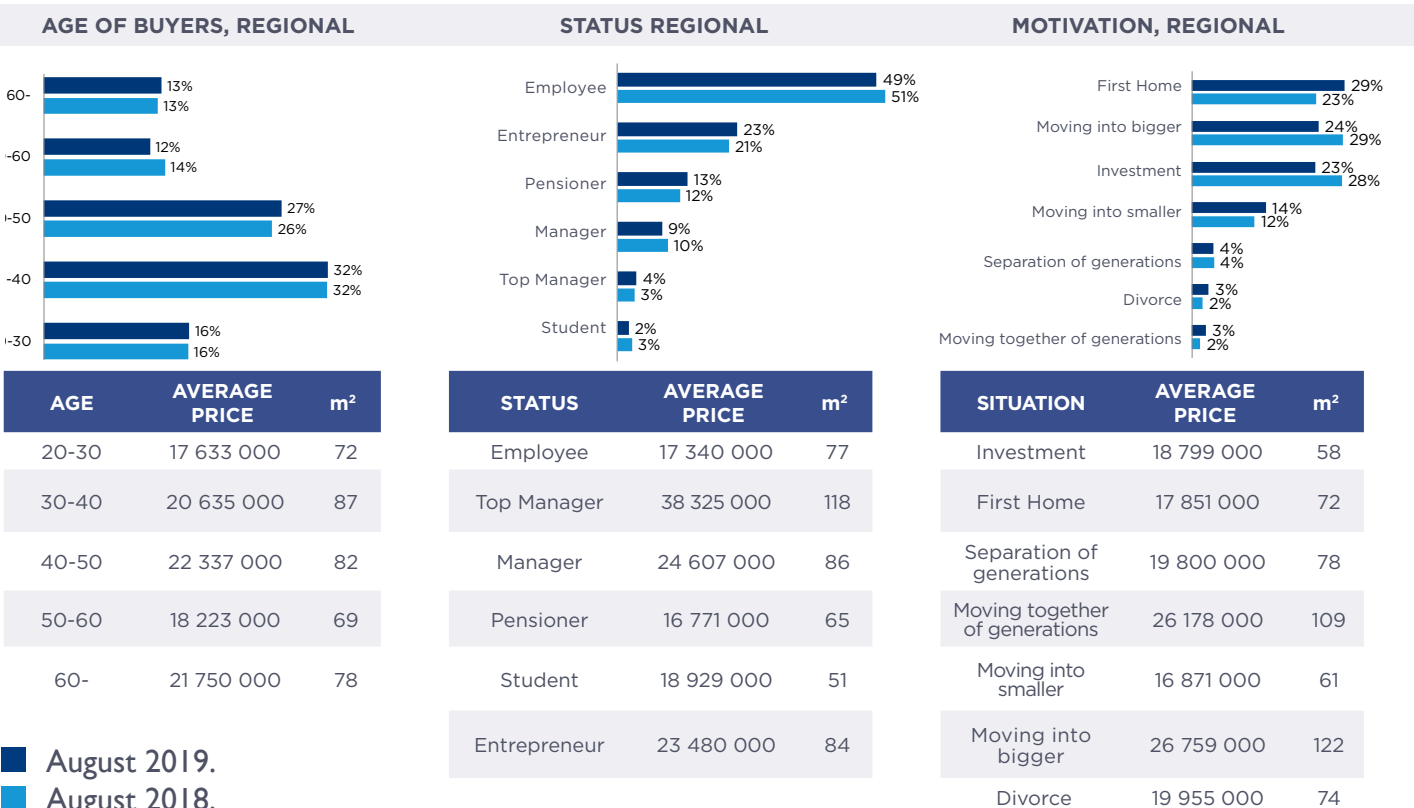
BUYER'S PROFILE BUDAPEST

Majority of buyers fell in the 30-50 age group, exceeding 50% among all buyers. In Budapest, majority of buyers are entrepreneurs and employees. Motivation behind the acquisition is similar to data from last year. Buyers with investment reason spent 42.5 Million HUF for a 61 m2 size property on average.



BUYER'S PROFILE ON REGIONAL LEVEL

The 30-50 age group dominated the buyers' market outside the capital as well. Leading reason behind the purchase was acquisition of the first home, but also many moved into a bigger home, and had investment reasons. Average price of a first home was 18 Million HUF, while buyers spent 10 Million more on a bigger property on average.

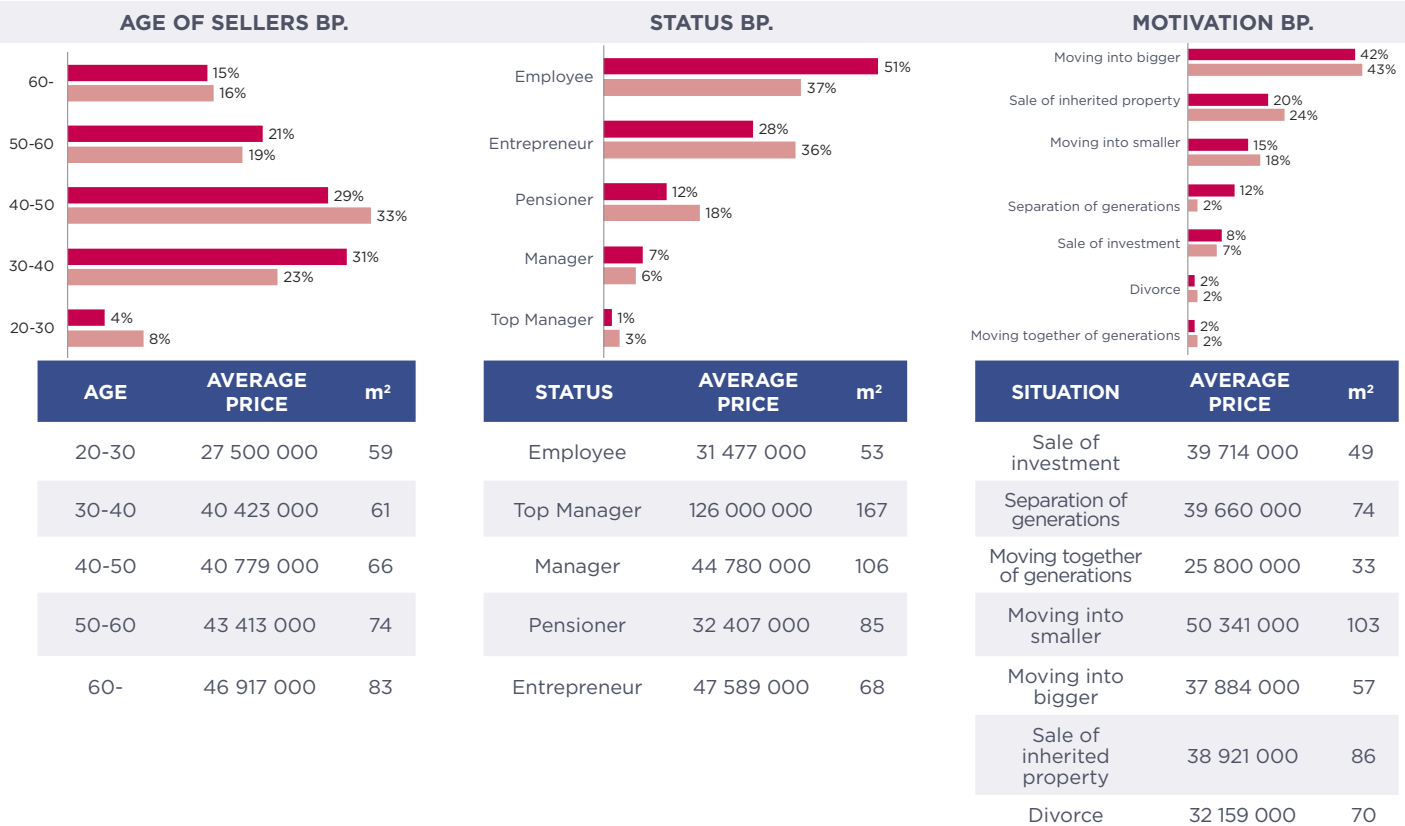


■ August 2019.
■ August 2018.

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.

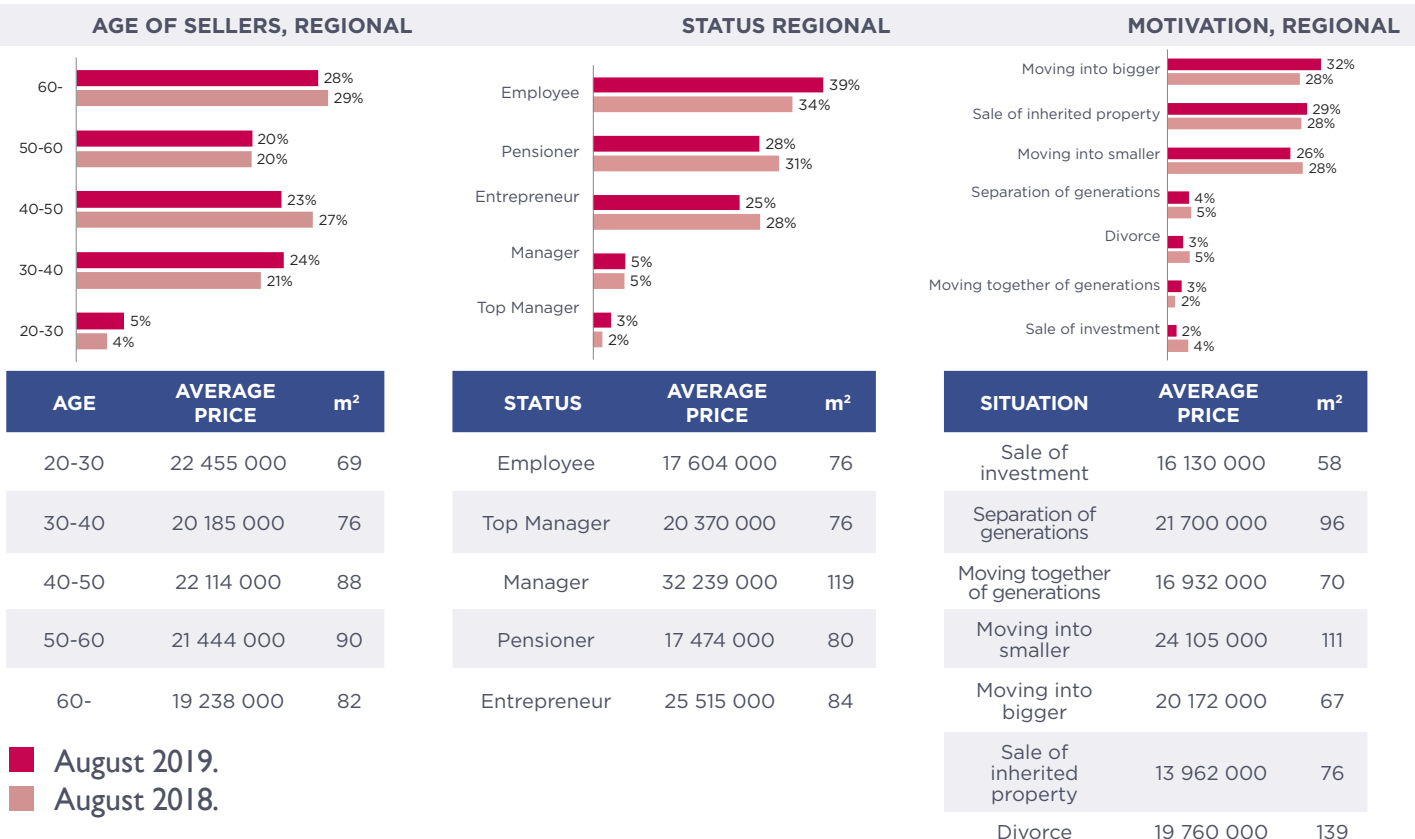
SELLER'S PROFILE BUDAPEST

The 30-50 age group also dominated seller side in Budapest. Majority of sellers were entrepreneurs, selling medium size property for 47.5 Million HUF on average. Leading reason behind the sale was moving into a bigger property, with the sale of inherited property also reaching 20%.



SELLER'S PROFILE ON REGIONAL LEVEL

Age groups on regional level show a more diverse picture, with the proportion of only the under-30 remaining lower than 10%. Status of buyers is also complex. Similarly to the capital, leading reason was moving into a bigger home; but also over 25% sold inherited property or decided to move into a smaller property.



■ August 2019.
■ August 2018.